



World Financial Center
One North End Avenue
New York, New York 10282

BY ELECTRONIC TRANSMISSION

Submission No. 12-44
August 3, 2012

Mr. David Stawick
Secretary of the Commission
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Re: **New Trading Rules 4.00 through 4.02, 4.04, 4.05, 4.12 and 4.13, Amendments to Membership Rule 2.29, Floor Trading Rules 4.01 *et seq.*, and Disciplinary Rule 21.01, and the Renaming of Rulebook Chapter 4 - Submission Pursuant to Section 5c(c)(1) of the Act and Regulations 40.6(a) and 40.5**

Dear Mr. Stawick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended, and Commission Regulation 40.6(a), ICE Futures U.S., Inc. (“Exchange” or “IFUS”) submits new Trading Rules 4.00 through 4.02, 4.04, 4.05, 4.12 and 4.13 and amendments to Exchange Membership Rule 2.29(e), current Floor Trading Rules 4.01 *et seq.* and Disciplinary Rule 21.02; and is notifying the Commission that it is renumbering and renaming Rulebook Chapter 4. In addition, the Exchange seeks Commission approval of new Rule 4.00 and the amendments to Rule 21.01 pursuant to Regulation 40.5. The new rules, rule amendments and renamed Chapter are attached hereto as Exhibit A.

As described in detail below, the Exchange is adopting the new rules and amendments in connection with the issuance of Commission Regulations 38.151 and 38.152, the anticipated end of open-outcry trading on the Exchange and to delete obsolete provisions. Under Commission Regulation 38.151, which becomes effective on August 20, 2012, a designated contract market (“DCM”) must require that all market participants consent to the DCM’s jurisdiction before such participants access its markets. Commission Regulation 38.152, which becomes effective on October 20, 2012, requires that the Exchange adopt rules which prohibit abusive trading practices by members and market participants.

Based upon the recent decline in volume of open outcry trading of options on the Exchange (which are the only products still trading by open outcry on the Exchange), IFUS announced that it anticipates ending open outcry trading on October 20, 2012. Rulebook Chapter

4, previously titled “Floor Trading Rules”, which sets forth general trading rules and rules specific to open outcry trading, is being re-titled “Trading Rules.” In addition, the rules are being renumbered so that general trading rules applicable to all trading activity (amended Rules 4.00 through 4.13) are at the beginning of the chapter and rules specific to floor trading (amended Rules 4.14 through 4.39) are at the end of the chapter. As a part of this reorganization, several rules were also consolidated.

New Rule 4.00 and Amended Disciplinary Rule 21.02.-Request for Approval under Regulation 40.5

The Exchange is adopting new Rule 4.00, at the suggestion of staff from the Division of Market Oversight, as a means of complying with Commission Regulation 38.151. The rule was written in consultation with the Joint Compliance Committee (a collective of compliance staff from various U.S. futures exchanges. and approved as a model for each exchange to adopt. The Rule subjects persons who initiate or execute a transaction on the Exchange, or those for whose benefit a transaction has been initiated or executed, to the jurisdiction of the Exchange and binds them to all the Rules of the Exchange. Because the Exchange is not likely to have on file a specific designation of an address for service of process upon a non-member market participant, an amendment to Disciplinary Rule 21.01 has been made which provides that service by the Exchange in a disciplinary action involving a non-member market participant will be deemed good service if provided to an address which the Vice President of Market Regulation or his designee, in good faith, reasonably believes will constitute actual notice to the market participant.

Both of these rules are being self-certified under Regulation 40.6(a) in addition to the request that they be approved under Regulation 40.5, so that they can become effective in accordance with the August effective date for Regulation 38.151.

New Rule 4.01

In connection with the adoption of Rule 4.00, the Exchange is adopting new Rule 4.01 which requires all market participants to diligently supervise the Exchange-related activities of their employees and to be responsible for the acts and omissions of such employees.

New Rules 4.02, 4.04, 4.05, 4.12, and 4.13 and Amendments to Rule 2.29

In furtherance of compliance with Regulations 38.151 and 38.152, discussed above, the Exchange is also moving various provisions found in Membership Rule 2.29 into new Trading Rules 4.02, 4.04, 4.05, 4.12 and 4.13. Currently, Rule 2.29 prohibits Exchange members from engaging in abusive practices such as executing wash sales and engaging in market manipulation. The Exchange is moving paragraphs (b) through (e), (g), (h), (j), (k) and (o) of Rule 2.29 into new Rules 4.02, 4.04, 4.05, 4.12 and 4.13 to make them applicable to all market participants, not just Exchange members.

New Rule 4.06 and Deletion of Rules 4.12, 4.13 and 4.13A

The Exchange is consolidating current Floor Trading Rules 4.12, 4.13 and 4.13A into new Rule 4.06. The rules being consolidated address Exchange for Physical, Exchange for Swap and Exchange of Options for Options Transactions. All of these trade types are now covered by a single new rule covering Exchanges For Related Position transactions, as codified in Rule 4.06. No substantive changes are being made to the requirements for such transactions.

Amendments to Rule 4.11

Rule 4.11 sets forth the requirements for transfer transactions. The amendments eliminate the references to open outcry trading and replace them with the default requirement that trades be executed competitively.

Amendments to Rule 4.16

Rule 4.16 currently prohibits floor brokers from front running customer orders. The Exchange is amending Rule 4.16 in connection with the adoption of Regulations 38.151 and 38.152 in order to expand the prohibition against front running to all market participants that handle customer orders. In addition, Rule 4.16 is being renumbered as Rule 4.03.

Amendments to Rule 4.20

Rule 4.20 currently requires floor brokers to allocate trades to orders in the sequence in which such orders were received. The Exchange is amending Rule 4.20 in connection with Regulations 38.151 and 38.152, to expand the requirement to all market participants. In addition, Rule 4.20 is being renumbered as Rule 4.10.

Amendments to Rule 4.31

Rule 4.31, which sets forth the Exchange's block trading rules, is being amended to clarify and reflect current Exchange procedures, which no longer limit entry and execution of block trades to Exchange members. In addition, Floor trading Rule 4.31 is being renumbered as Trading Rule 4.07.

Amendments to Rules 4.28 and 4.29

The amendments renumber Exchange Floor Trading Rules 4.28 and 4.29 as Trading Rules 4.08 and 4.09 respectively.

Amendment to Rules 4.01 through 4.15, 4.17 through 4.19, 4.22, 4.23, 4.25 through, 4.27, 4.30, 4.32 through 4.35, 4.38, 4.39 and 4.41

The amendments renumber current Floor Trading Rules 4.01 through 4.15, 4.17 through 4.19, 4.22, 4.23, 4.25 through, 4.27, 4.30, 4.32 through 4.35, 4.38, 4.39 and 4.41 as Trading Rules 4.14 through 4.39 respectively. Amendments to Floor Trading Rule 4.27 also delete an obsolete provision relating to the open-outcry spread trading of Financial Products, which are now traded exclusively on the electronic trading system. Amendments to Floor Trading Rule 4.38 also delete an obsolete reference to NFC contracts which are no longer listed by the Exchange.

The Exchange certifies that the new rules and rule amendments comply with the requirements of the Commodity Exchange Act and the rules and regulations promulgated thereunder. The Exchange has reviewed the designated contract market Core Principles and has determined that the amendments comply with Core Principle 2 (Compliance with Rules), Core Principle 12 (Protection of Markets and Market Participants) and Core Principle 13 (Disciplinary Procedures). As required by new Commission Regulation 38.151, new Trading Rule 4.00 requires all market participants consent to Exchange jurisdiction. The Exchange has also adopted supporting new rules and rule amendments to satisfy its obligations under Commission Regulations 38.151 and 38.152 by expanding the scope of several rules to cover all market participants. Furthermore, the amendments to Rule 21.01 establish procedures for service of process that comport with the Exchange's obligation to discipline wrongdoers in accordance with procedures that are fundamentally fair.

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/notices/RegulatoryFilings.shtml>).

The new rules, rule amendments and renaming of Rulebook Chapter 4 were approved by the Exchange's Board of Directors on August 3, 2012 and will become effective with the start of trading for Trade Date August 20, 2012. New Rule 4.00 and the amendments to Rule 21.01 will

also become effective on August 20, 2012 even if Commission is pending. No opposing views were expressed.

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". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

Assistant General Counsel
Market Regulation

Enc.

cc: Division of Market Oversight
New York Regional Office

EXHIBIT A

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

Rule 2.29. Member Violations

It shall be a violation of the Rules for any Member to:

(a) Submit for clearance to a Clearing Member Transactions which were executed after an announcement was made [~~on the Floor of the Exchange~~] that such Clearing Member was in default, (as that term is defined in Clearing Organization Rules).

~~[(b) Disseminate any false, misleading or knowingly inaccurate information, including reports concerning crop or market information or conditions that affect or tend to affect the price of any Commodity traded on the Exchange;~~

~~[(c) Manipulate, or attempt to manipulate, the price of any Commodity traded on the Exchange;~~

~~[(d) Furnish false information, or fail to furnish information when requested, to the Board or to any committee, subcommittee, officer or employee of the Exchange in the course of its, their, or his duties;~~

~~[(e) Violate, or fail to conform to, the Rules or the procedures of the Exchange or the Clearing Organization, or to engage in conduct or practices inconsistent with just and equitable principles of trade or conduct detrimental to the best interests of the Exchange;]~~

~~[(f)]b Trade or accept Margins after insolvency;~~

~~[(g) Corner, or attempt to corner, any Commodity traded on the Exchange;~~

~~[(h) Violate, or fail to comply with, the terms of any agreement with the Exchange or any order or decision of or any suspension imposed by the Exchange, the Board or any committee or subcommittee of the Exchange, including, without limitation, any Hearing or Appeals Panel;]~~

~~[(i)]c Receive and execute an order if such Member is an associated broker who has not registered with the Exchange in accordance with the Rules;~~

~~[(j) Commit fraudulent action on the Exchange;~~

~~[(k) Execute a wash sale, accommodation Trade, fictitious sale or prearranged Trade;]~~

~~[(H)]d Accept a Commodity Contract account for (i) a Clerk of a Member registered with the Exchange, (ii) an employee of the Exchange, the Clearing Organization, or another Member, without the written consent of the employer in each case, or (iii) a non-member market participant who has been denied access to the Exchange's markets;~~

~~[(m)]e Unless otherwise provided, gain access to the minutes of meetings of the Board or any committee except under such regulations as the Board may prescribe; provided, however, that notwithstanding any other provision in the Rules, all books, records, minutes and journals of proceedings of the Exchange, the Board and the committees of the Exchange, shall be subject to inspection by any authorized representatives of the CFTC or the United States Department of Justice;~~

~~[(n)]f Fail continuously to meet the criteria for eligibility for Membership;~~

~~[(o) (i) Make fictitious or trifling bids or offers, (ii) offer to buy or sell any Contract at variations less than the minimum price fluctuation permitted for such contract under the Rules, or (iii) knowingly make~~

~~any bid or offer for the purpose of making a market price which does not reflect the true state of the market;~~

(~~p~~g) clear Commodity Contracts on the Exchange or subject to the Rules for a Member or non-member Futures Commission Merchant, foreign broker or other such entity which does not disclose the identity of the ultimate Customer for whom the contracts are cleared, unless the Clearing Member has the authority and ability to provide the Exchange, promptly upon request by the Exchange, with:

(i) the name, address and telephone number of any ultimate Customer(s);

(ii) the name, address and telephone number of any intermediary Person through whom that ultimate Customer placed orders for the execution of such contracts; and

(iii) such other information concerning the account as the Exchange may request; including, but not limited to, the positions held by each ultimate Customer in the account; or

(~~q~~h) register or conduct business as a Clerk on the Floor of the Exchange at any time during which the Member's registration under the Act as a Floor Broker is suspended by the CFTC.

[FLOOR] TRADING RULES

GENERAL TRADING RULES

Rule 4.00 Compliance with Rules and Consent to Jurisdiction

Any Person initiating or executing a Transaction on or subject to the Rules of the Exchange directly or through an intermediary, and any Person for whose benefit such a transaction has been initiated or executed, expressly consents to the jurisdiction of the Exchange and agrees to be bound by and comply with the Rules of the Exchange in relation to such transactions, including, but not limited to, rules requiring cooperation and participation in investigatory and disciplinary processes.

Rule 4.01. Duty to Supervise

Every Person shall diligently supervise the Exchange-related activities of such Person's employees and shall be responsible for the acts and omissions of such employees.

Rule 4.02. Trade Practice Violations

In connection with the placement of any order or execution of any Transaction, it shall be a violation of the Rules for any Person to:

(a) Manipulate, or attempt to manipulate, the price of any Commodity traded on the Exchange;

(b) Corner, or attempt to corner, any Commodity traded on the Exchange;

(c) Execute a wash sale, accommodation Trade, fictitious sale or prearranged Trade;

(d) Commit fraudulent action on the Exchange;

(e) Make fictitious or trifling bids or offers, (ii) offer to buy or sell any Contract at variations less than the minimum price fluctuation permitted for such contract under the Rules, or (iii) knowingly make any bid or offer for the purpose of making a market price which does not reflect the true state of the market;

(f) Withhold or withdraw from the market any order or any part of an order for the convenience of another Person.

Rule 4.~~16~~03. Dual Trading Violations

(a) Prohibited Purchases. [~~A Floor Broker may not~~] It shall be a violation of the rules for any Person to purchase, either on ETS or in the open outcry market, any Exchange Futures Contract or any Exchange Call Option or sell any Exchange Put Option for his own account or for any account in which he has any direct or indirect interest while holding an order of another Person for the same Commodity for the purchase of an Exchange Futures Contract or Exchange Call Option or sale of an Exchange Put Option, which is executable at the market price or at the price at which such purchase can be made for such Person's [~~the Floor Broker's~~] own account or for the account in which he has an interest.

(b) Prohibited Sales. [~~A Floor Broker may not~~] It shall be a violation of the Rules for any Person to sell, either on ETS or in the open outcry market, any Exchange Futures Contract or any Exchange Call Option or buy any Exchange Put Option for his own account or for any account in which he has any direct or indirect interest while holding an order of another Person for the same Commodity for the sale of an Exchange Futures Contract or Exchange Call Option or purchase of an Exchange Put Option, which is executable at the market price or at the price at which such sale can be made for [~~the Floor Broker's~~] such Person's own account or for the account in which he has an interest.

Rule 4.04. Conduct Detrimental to the Exchange

It shall be a violation of the Rules for any Person to fail to conform to, the Rules or the procedures of the Exchange or the Clearing Organization, or to engage in conduct or practices inconsistent with just and equitable principles of trade or conduct detrimental to the best interests of the Exchange;

Rule 4.05. Prohibition on Dissemination of False Information

It shall be a violation of the Rules for any Person to disseminate any false, misleading or knowingly inaccurate information, including reports concerning crop or market information or conditions that affect or tend to affect the price of any Commodity traded on the Exchange;

Rule 4.~~12~~06. AA or EFP Transactions Exchange for Related Position

(a) The following transactions shall be permitted by arrangement between the parties in accordance with the requirements of this Rule, each type of transaction being referred to as an Exchange for Related Position (“EFRP”) :

(i) AA or EFP Transaction: A privately negotiated and simultaneous exchange of an Exchange futures position for a corresponding cash position;

(ii)EFS or Exchange for Risk (“EFR”): A privately negotiated and simultaneous exchange of an Exchange futures position for a corresponding OTC swap or other OTC instrument;

(ii)Exchange of Options for options (“EOO”): A privately negotiated and simultaneous exchange of an Exchange Option position for a corresponding OTC option position or other OTC instrument with similar characteristics; ~~are not required to be made competitively as long as such Transactions comply with the following terms and conditions:~~

(a) (b) EFRP Transaction Requirements

(i) An EFRP Transaction shall consist of two discrete but related simultaneous transactions in which one party must be the buyer of (or the holder of the long market exposure associated with) the related position and seller of the corresponding Exchange contract, and the other party to the EFRP Transaction must be the seller of (or the holder of the short market exposure associated with) the related position and the buyer of the corresponding Exchange contract.. ~~At the time such Transaction is effected, the buyer and the seller under the AA/EFP EFRP Transaction shall be the seller and the buyer, respectively, under one (1) or more contracts entered into off the Exchange for the delivery of a~~ The related position must involve the commodity underlying the Exchange Futures Contract or Option (or any derivative, by-product or related product) in a quantity of the Cash Commodity covered by the Commodity Contracts involved (or any derivative, by product or related product) that is approximately equivalent to the quantity covered by such the Exchange Futures Contract or Option.

(ii) The accounts involved in the execution of an EFRP Transaction must be (A)independently controlled with different beneficial owners; or (B) independently controlled accounts of separate legal entities with the same beneficial owners, provided that the account controllers operate separate business units; or (C) independently controlled accounts within the same legal entity, provided that the account controllers operate in separate business units; or (D) commonly controlled accounts of separate legal entities, provided that the separate legal entities have different beneficial owners. ~~AA/EFP and EFR Transactions executed on the Last Trading Day for any delivery month in any Sugar No. 11 or Sugar No. 16 Futures Contract must be executed and reported before the final five (5) minutes of trading.~~

(iii) Any Member participating in ~~The parties to an AA/EFP EFRP Transaction~~ shall maintain all documents relevant to the Exchange contract and the related position including all documents customarily generated in accordance with the relevant market practices , including, as applicable, ~~provide the Market Surveillance Department with such material and information with respect thereto as it may request, including without limitation~~ copies of the documents evidencing title to, or the contract or contracts to buy or sell, the Cash Commodity (or the derivative, by-product or related product) involved in such Transaction, and master swap agreements and any supplements thereto. Any such documents and information shall be furnished to the Exchange upon request. The carrying

Clearing Member shall be responsible to provide such requested documents and information on a timely basis.

(iv) AA/EFP and EFR Transactions executed on the Last Trading Day for any delivery month in any Sugar No. 11 or Sugar No. 16 Futures Contract must be executed and reported before the final five (5) minutes of trading.

~~(iv)~~ (v) With respect to EFPs in foreign currency futures wherein the parties immediately offset the cash transaction (“transitory EFPs”), the Market Surveillance Department would expect to see confirmation statements issued by the bank/foreign exchange dealer party to the Transaction. These confirmation statements should be the type normally produced by the bank/foreign exchange dealer for confirmation of currency deals and should indicate, by name, the identity of the counter party principal to the Transaction. However, in circumstances where the EFP Transaction is between a bank/foreign exchange dealer and a CTA, account controller, or other Person acting on behalf of a third party (such as a commodity pool or fund), the cash side confirmation statement must identify, at minimum, the name of the third party’s Carrying Clearing Member and the third party’s account number (or other account specific designation), but need not identify the third party by name.

~~(v)~~ (vi) A Member may enter into an AA/EFP Transaction in which there is a purchase of the physical commodity and the sale of a quantity of Exchange Futures Contracts representing an approximately equivalent amount of the physical commodity and simultaneously grant to the same counterparty a nontransferable right to effectuate a second AA/EFP Transaction on a date certain in the future which will have the effect of reversing the original AA/EFP Transaction so long as both such Transactions are entered into by a producer, merchant or other user of the underlying physical commodity for the purpose of obtaining inventory financing on physical commodities.

~~(vii)~~ ~~(vi)~~ Exchange Traded Funds (“ETFs”) are an acceptable cash or physical component of an EFP for Stock Indexes. ~~The Board shall determine which ETFs are an acceptable cash or physical component of an EFP transacted in a particular stock index futures contract.~~

~~(b)~~(c) Reporting Requirements

~~(i)~~ The parties to an ~~AA/EFP~~ EFRP Transaction shall cause the Transaction to be identified and reported to the Exchange in accordance with such procedures as are determined by the Exchange from time to time.

~~(e)~~(d) All Commodity Contracts effected as part of ~~AA/EFP~~ EFRP Transactions shall be cleared in the usual manner. Clearing Members are responsible for exercising due diligence as to the bona fide nature of EFRPs submitted on behalf of their Customers.

Rule 4.07 [34] Block Trading

(a) ~~[Members may enter into p]~~ Privately negotiated Transactions may be entered into with respect to Commodity Contracts designated by the Exchange for such purpose (hereinafter referred to as "Block Trades"), provided that all of the following conditions are satisfied:

(i) Each party to a Block Trade must be an eligible contract participant as that term is defined in Section 1a(18) of the Act; *provided that*, if the Block Trade is entered into on behalf of Customers by (A) a commodity trading advisor registered under the Act ("CTA"), including without limitation any investment advisor registered as such with the Securities and Exchange Commission that is exempt from regulation under the Act or CFTC regulations (“Exempt Investment Adviser”), with total assets under management exceeding US\$25 million, or by (B) a foreign entity performing a similar role or function to a CTA or investment advisor that is subject to foreign regulation (“Foreign Adviser”), with total assets under management exceeding US\$50 million, the individual Customers need not so qualify.

(ii) Each buy or sell order underlying a Block Trade must:

(A) state explicitly that it is to be, or may be, executed by means of a Block Trade; and

(B) be for at least the applicable minimum threshold as specified by the Exchange; *provided that* only a CTA, including without limitation an Exempt Investment Adviser ~~any investment advisor registered with the Securities and Exchange Commission that is exempt from regulation under the Act or Commission regulations,~~ with total assets under management exceeding US\$25 million or a Foreign Adviser ~~foreign entity performing a similar role or function to a CTA or investment advisor that subject to a foreign regulation~~ with total assets under management exceeding US\$50 million, may satisfy this requirement by aggregating orders for different accounts.

(iii) The price at which a Block Trade is executed must be fair and reasonable in light of (A) the size of such Block Trade, (B) the price and size of other Trades in the same contract at the relevant time; and (C) the price and size of Trades in other relevant markets, at the relevant time.

(iv) Block Trades shall not set off conditional orders, including but not limited to, stop orders, limit orders or market-if-touched orders, or otherwise affect orders in the regular market.

(v) Block Trades executed on the Last Trading Day for any delivery month in Sugar No. 11 Futures Contract must be executed and reported before the final five (5) minutes of trading.

(b) Block Trades may be executed in Exchange Futures and Options Contracts as determined by the Board and must meet the applicable minimum thresholds for such contracts as determined by the Board from time to time.

(c) The parties to a Block Trade shall cause the Transaction to be reported to the Exchange in accordance with such procedure as are determined by the Exchange from time to time.

(d) It is the responsibility of the Clearing Member carrying the account for which a Block Trade is executed to determine that the requirements as stated in paragraphs (a) through (c) of this Rule have been complied with.

(e) Block Trades may not be used to establish positions upon which an arbitrage and straddle exemption request made in accordance with Rule 6.27 is based.

Rule 4.~~27~~08. Settlement Prices

(a) Settlement Prices for all Exchange Futures Contracts except for Cash-Settled US Agricultural Futures Contracts described in Chapter 14 of the Rules shall be determined in the manner specified in this Rule. All prices, bids and offers made in ETS and open outcry trading during the applicable closing period as defined in Rule 4.06 (the “close”) shall be used to determine the Settlement Price of a delivery or expiration month unless otherwise specified herein.

(b) Financial Contracts: The USDX shall be settled by the Exchange in the manner specified in paragraph (c) of this Rule. All other Financial Contracts shall be settled by the Exchange by referencing underlying spot prices, forward points and/or trades, bids and offers.

(c) Except on the Last Trading Day, the Settlement Price of each delivery or expiration month of an Exchange Futures Contract shall be determined as follows:

(i) For the delivery or expiration month with the highest open interest (the “Lead Month”), the Settlement Price shall be the weighted average of all prices for outright Trades traded during the close. When the average is a fraction, the weighted average shall be rounded to the nearest minimum permissible price fluctuation for all products other than the USDX, for which the weighted average shall be rounded to the nearest .001 of a USDX index point. For purposes of this Rule, weighted average shall mean the average by volume of all transactions executed in such month during the close.

(ii) The Settlement Price for all delivery or expiration months other than the Lead Month shall be either the weighted average or the prevailing differential depending on the nature of the trading volume in such delivery or expiration month during the close.

(iii) If no Trades have been executed during the close in a delivery or expiration month, the Settlement Price for such month shall be either the average of the bids and offers made during the close of each such month or the prevailing differential between such month and the nearest active delivery or expiration month during the trading day depending on the nature of the bids and offers and spread Trades involving such delivery or expiration month.

(iv) Notwithstanding subparagraphs (c)(i) through (iii) of this Rule, if the Exchange concludes that the Settlement Price determined in accordance with subparagraphs (c)(i) through (iii) of this Rule does not fairly represent the market value of the relevant delivery or expiration month relative to the Settlement Price of any other delivery or expiration month(s), or is inconsistent with market information known to the Exchange it may establish the Settlement Price of such delivery or expiration month at a level consistent with such other Settlement Price(s) or market information and shall document the reasons for its action. The establishment of a Settlement Price pursuant to this subparagraph(c)(iv) shall not cause a Floor Broker to be held on a resting order.

(d) On the Last Trading Day in the expiring Cocoa delivery month, the Settlement Price for such delivery month shall be determined by the differential between the value of the expiring delivery month and the value of the next delivery month for the last minute of trading.

(e) Russell Index Monthly Fair Value Calculation: On the last trading day of every calendar month, the Exchange shall survey market participants and review financial news media as to the fair value of the Russell 1000 Index, the Russell 1000 Mini Index, Russell 2000 Index and the Russell 2000 Mini Index Futures Contracts listed for trading at the Exchange and using the surveys and the financial news media information, determine the fair value of the Russell 1000 Index, the Russell 1000 Mini Index, Russell 2000 Index and the Russell 2000 Mini Index Futures Contracts and the price so determined shall be the Settlement Price on each such day.

Rule 4.~~28~~09. Settlement Premiums

Promptly after the close of trading in each Exchange Option Contract, except for Options on Cash-Settled US Agricultural Futures Contracts described in Chapter 14 of the Rules, the Exchange shall establish the Settlement Premium for each Striking Price of each Option Month of each Option listed for trading that has open interest. A Settlement Premium may be established for any Strike Price that has no open interest.

Each such Settlement Premium shall be established after consideration of the following criteria:

(A) the weighted average price of all electronic Trades executed during the closing period which shall mean the average by volume of all electronic Trades executed during the closing period for all electronics Trades in a single Strike Price rounded to the nearest minimum permissible price fluctuation of such contract;

(B) bids and offers continuously made during the closing period on the ETS;

(C) the Option's intrinsic value;

(D) the implied volatility of the (1) corresponding Call or Put of the same Strike Price, (2) nearest active prices on the ETS of the particular contract, and (3) electronic Trades in that Strike Price executed during the day, including the volume of the electronic Trades, bids and offers used to calculate such implied volatility;

(E) the differential between the implied volatility of a Strike Price and the implied volatilities for Strike Prices of nearby contract months; and

(F) any other market information known to the Exchange.

The Settlement Premiums so established shall then be verified as to their reasonableness by the Exchange's Option Settlement Program. Whenever the Exchange's Option Settlement Program queries a Settlement Premium, the Exchange shall review such Premium and, if no change is made thereto, shall

furnish an explanation of the basis on which the Settlement Premium was established. The Exchange shall maintain a record of any such explanation.

Any Settlement Premium established under this Rule shall not affect the validity of a Trade or cause a Floor Broker to be held on a resting order.

Rule 4.~~2~~10. Allocation of Trades

~~[No Floor Broker shall]~~ It shall be a violation of the Rules for any Person to allocate Trades among accounts except in the sequence in which the orders for such accounts have been received. The sequence of time stamping of orders when received ~~{on the Trading Floor}~~ by such Person shall be prima facie evidence of the sequence in which such orders were received. ~~[by a Floor Broker]~~ Trades executed for orders received at the same time shall be allocated on an equitable basis among the orders received; provided, however, that all orders received on the Trading Floor after the close on one (1) trading day and prior to the opening on the next trading day shall be considered as received at the same time.

Rule 4.11. Transfer Transactions Not Required to Be Made Competitively ~~[by Open Outery]~~

(a) ~~[Notwithstanding the requirements of Rule 4.03,]~~ T~~[t]~~he following transfer Transactions need not be made competitively ~~[by open outery]~~:

- (i) transfers of open contracts from one (1) Member to another Member made at the request of a client;
- (ii) transfers of open contracts made at the request of the original Carrying Member to another Member;
- (iii) transfers of open contracts from one (1) account to another account on the books of the same Member made at the request of a client where no change in ownership is involved;
- (iv) transfers of open contracts necessitated by the death of the only Member of a firm who held Membership in the Exchange; and
- (v) transfers of open contracts following the close of trading on the Last Trading Day of a particular delivery month, as provided in paragraph (e) of this Rule.

[remainder of rule unchanged]

Rule 4.12. Duty to Furnish Information

It shall be a violation of the Rules for any Person to furnish false information, or fail to furnish information when requested, to the Board or to any committee, subcommittee, officer or employee of the Exchange in the course of its, their, or his duties;

Rule 4.13. Compliance with Terms of Exchange Decisions and Orders

It shall be a violation of the Rules for any Person to violate, or fail to comply with, the terms of any agreement with the Exchange or any order or decision of ,or any suspension imposed by, the Exchange, the Board or any committee or subcommittee of the Exchange, including, without limitation, any Hearing , Arbitration or Appeals Panel;

~~[Rule 4.13. EFS Transactions~~

~~EFS Transactions are not required to be made competitively as long as such Transactions comply with the following terms and conditions:~~

- ~~(a) Transaction Requirements~~

~~(i) An EFS Transaction shall consist of two (2) discrete but related transactions—a swap transaction and a futures Transaction. At the time such Transaction is effected, the buyer and seller of the futures must be, respectively, the seller and the buyer of the swap. The swap component shall involve the Commodity underlying the Exchange Futures Contract (or a derivative, by product or related product of such Commodity). The quantity covered by the swap must be approximately equivalent to the quantity covered by the Exchange Futures Contracts. The swap component of an EFS Transaction must comply with the requirements of Title III of the Commodity Futures Modernization Act of 2000 ("2000 Act").~~

~~(ii) EFS Transactions executed on the Last Trading Day for any delivery month in any Sugar No. 11 or Sugar No. 16 Futures Contract must be executed and reported before the final five (5) minutes of trading.~~

~~(iii) Upon the request of the Market Surveillance Department, each buyer and seller must satisfy the Exchange that the Transaction is a legitimate EFS Transaction. Upon the request of the Market Surveillance Department, all documentary evidence relating to the EFS, including, but not limited to, a master swap agreement and any supplements thereto, shall be obtained by the Clearing Members from the buyer or seller and made available by the Clearing Members for examination by the Exchange.~~

~~(b) Reporting Requirements~~

~~(i) The parties to an EFS Transaction shall cause the Transaction to be reported to the Exchange in accordance with such procedures as are determined by the Exchange from time to time.~~

~~(c) All Commodity Contracts effected as part of EFS Transactions shall be cleared in the usual manner and shall be identified in the same manner as AA/EFP Transactions.~~

Rule 4.13A Exchange of OTC Option for, or in Connection with, Exchange-Traded Options

EEO Transactions are not required to be executed competitively as long as such Transactions comply with the following terms and conditions:

~~(a) Transaction Requirements~~

~~(i) An EEO Transaction shall consist of two (2) discrete but related transactions—an OTC option transaction and an Exchange Option Transaction. At the time the EEO Transaction is effected, the buyer and seller of the Exchange Option must be, respectively, the seller and buyer of the OTC option. The OTC option shall involve the Commodity underlying the Exchange Futures Contract on which the Exchange Option is based (or a derivative, by product or related product of such Commodity). The quantity covered by the OTC option must be approximately equivalent to the quantity covered by the Exchange Option.~~

~~(ii) EEO Transactions involving Exchange Options on agricultural commodities may be effected only for the account of a Person that is eligible to engage in OTC option transactions in such commodities under applicable provisions of the Act and the Commission's Regulations thereunder. It is the responsibility of the Clearing Member carrying the account for which the EEO Transaction is made, to determine that the owner of such account is eligible to engage in EEO Transactions.~~

~~(iii) Upon the request of the Market Surveillance Department, each buyer and seller must satisfy the Exchange that the EEO Transaction is a legitimate Transaction conducted in accordance with the Rules. Upon the request of the Market Surveillance Department, all documentary evidence relating to the EEO, including, but not limited to, relevant OTC documentation, shall be obtained by the Clearing Members from the buyer or seller and made available by the Clearing Members for examination by the Exchange.~~

~~(b) Reporting Requirements~~

~~(i) The parties to an EEO Transaction shall cause the Transaction to be reported to the Exchange in accordance with such procedures as are determined by the Exchange from time to time.~~

~~(e) All Commodity Contracts effected as part of EOO Transactions shall be cleared in the usual manner and shall be identified in the same manner as AA/EFP/EFS Transactions.~~

FLOOR TRADING RULES

Rule 4. ~~[01]~~14. Hours Exchange and Trading Floor are Open

Rule 4. ~~[02]~~15. Trading Floor Access; Trading Restrictions; and Authorized Representation

Rule 4. ~~[03]~~16. Transactions, Bids and Offers

Rule 4. ~~[06]~~18. Closing Call for Options Contracts Traded by Open Outcry

Rule 4. ~~[07]~~19. Open Outcry Trading Hours

Rule 4. ~~[09]~~20. Post Close Trading Session

Rule 4. ~~21~~40. Transactions Not at the Market Price

Rule 4. ~~22~~04. Confirmation of Trades

Rule 4. ~~23~~05. Resolution of Disputes/Price Changes

Rule 4. ~~24~~07. Discretionary Account

Rule 4. ~~25~~48. Disclosure of Orders

Rule 4. ~~26~~49. Cross Trades

Rule 4. ~~[22]~~27. Spread Transactions

(a) Floor Brokers are permitted to execute one (1) Exchange Options Contract in conjunction with one (1) or more other Exchange Options Contract(s) in the same Commodity ("Options Spread"). Such Transactions must be for the same account, and Floor Brokers may not combine separate orders for the same or different accounts in order to execute an Options Spread. These orders are to be executed competitively by ~~[public]~~ open outcry in the ring with at least one (1) side of the Options Spread priced within its respective daily price limits.

~~(b) Notwithstanding the provisions of paragraph (a) of this Rule, with respect to Options Spread Transactions executed for any of the Financial Products, such Transactions may only be offered, bid for, traded in and reported with at least one (1) side of the Spread Transaction priced within the daily range.~~

~~(e)}~~ It shall be the Floor Broker's responsibility to insure that Futures and Option Spread orders executed in accordance with this Rule ~~[be]~~ are properly recorded in writing on the Floor Broker's trading card, permitting identification of these Transactions, and are posted and announced in such manner as the Exchange may direct.

~~(c)~~~~(d)}~~ Options Spread Transactions shall not set off any stop orders except for Options Spread stop orders.

~~(d)~~~~(e)}~~ Nothing in this Rule shall be construed to prevent the execution of ~~[Futures or]~~ Options Spreads by individual Transactions.

Rule 4. ~~[23]~~28. Combination Transactions

Rule 4. ~~[25]~~29. Reporting of Trades

Rule 4. ~~[26]~~30. Trading Card Procedures

Rule 4.~~27~~31. Identity of Clearing Member

Rule 4.~~30~~32. Correction of Errors

Rule 4.~~02~~33. Submission of Open Outcry Trade Data for Clearing Purposes

Rule 4.~~03~~34. Clerk Qualification Requirements, Registration Procedures, and Trading Prohibitions

Rule 4.~~04~~35. Electronic Devices

Rule 4.~~05~~36. Communications Between Members

Rule 4.~~08~~37. Member Responsibility for Quotations

Rule 4.~~09~~38. Stop Orders for Open Outcry Transactions

(a) Stop Order or Stop Loss Order—An order to buy or sell when the market reaches a specified point. A stop order to buy becomes a market order when the contract sells (or is bid) at or above the stop price. A stop order to sell becomes a market order when the contract sells (or is offered) at or below the stop price.

(b) Members may accept FCOJ [~~or~~ ~~NFC~~] stop orders provided that such orders fall within at least one (1) of the following categories:

- (i) Stop limit orders;
- (ii) Market if touched orders without contingencies; or
- (iii) Other stop orders without contingencies.

Rule 4.~~44~~39. Unmatched Trades

DISCIPLINARY RULES

Rule 21.01. Jurisdiction

(a) The Compliance Department shall have the authority to initiate and conduct investigations and to prosecute Rule violations committed by Members and by non-member market participants.

(b) Each Member shall file with the Membership Department a written notice designating an office within the County of New York for receiving service of documents. If a Member shall fail to designate such an office, service at his or its address on file with the Exchange shall be good service, and delivery thereof shall be deemed to have occurred as of the date of such mailing.

(c) Service to a non-member market participant at an address which the Vice President of Market Regulation or his designee reasonably believes, in good faith, will achieve actual notice shall be good service. Service upon a non-member market participant may be made via any of the methods specified in Rule 2.35.