


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

BY ELECTRONIC TRANSMISSION

Submission No. 13-27
March 14, 2013

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: Amendments to Exchange Rules 11.00, 11.05, 11.07 and 11.08 (Sugar No. 11[®] Delivery Terms)
Submission Pursuant to Section 5c(c)(1) of the Act and Regulation 40.6(a)

Dear Ms. Jurgens:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended, and Commission Regulation 40.6(a), ICE Futures U.S., Inc. (“IFUS” or “Exchange”) self certifies the amendments to Exchange Rules 11.00(d)(i), 11.05, 11.07 and 11.08 set forth in Exhibit A. The amendments, which were recommended by the Exchange’s World Sugar Committee, address several issues concerning the delivery terms and conditions for the Sugar No. 11 futures contract. As described below, the amendments: (I) revise the premiums to be paid for sugar with high degrees of polarization delivered against a Sugar No. 11 futures contract; and (II) add clarity to certain existing Sugar No. 11 delivery procedures.

I. Amendments to Rule 11.00(d)(i) – Sugar No. 11 Premium Scale (Polarization)

The amendments to Rule 11.00(d)(i) revise the premiums paid for delivery of high polarization sugar against a Sugar No. 11 futures contract. The new premiums were adjusted in accordance with recommendations from a working group of members from the Exchange’s World Sugar Committee and are intended to reflect current commercial practices and realities. When compared to the current scale, the amendments generate a smaller premium for delivery of sugar at 96.0 to 98.9 degrees polarization; the same premium for delivery of sugar at 99.0 polarization; and a larger premium for delivery of sugar at 99.1 degrees through 99.2 degrees. The amendment preserves the current level at which an additional premium may be earned at a polarization of 99.3 degrees.

The amended premiums were unanimously adopted by the World Sugar Committee and are believed to better reflect the present value that higher polarization provides to the receivers of Sugar No. 11 and the fair compensation for the extra costs incurred by the deliverers in producing such product. The amendments to Rule 11.00 will become effective beginning with the March 2016 contract which will be listed for trading by the Exchange on April 1, 2013.

II. Amendments to Delivery Procedures for Sugar No. 11

Physical delivery under a Sugar No. 11 futures contract generally reflects the loading methods used in the bulk of commercial trade in raw sugar. The deliverer is required to load the appropriate quantity and quality of sugar onto a vessel provided by the receiver, at a loading port in the country of origin of the sugar as chosen by the deliverer. To accomplish this, the Exchange's Sugar No. 11 rules establish a five step process for delivery. In simplest terms, the deliverer is first required to nominate a port for delivery. Second, the receiver is required to nominate a vessel that will arrive in port to take delivery. Third, the receiver informs the deliverer that the vessel is in the nominated port and ready to take delivery. Fourth, the deliverer nominates a berth in the port for load out; and, finally, the sugar is loaded onto the vessel, completing delivery.

As described below, the amendments to Rules 11.05, 11.07 and 11.08 add clarity to the delivery process.

a. Amendments to Rule 11.05 (Vessel Cancellation and Substitution)

As stated above, the second step of the delivery process requires the receiver to notify the deliverer of the vessel name, relevant characteristics and expected arrival in the nominated port at least 7 days prior to the expected readiness of the vessel to load. This notification serves in effect as "fair warning" to deliverer of the earliest date at which his obligation to load the sugar can commence. In both Exchange and commercial practice, it is not uncommon for a receiver to revise his vessel plans after nomination has been made. This can occur due to breakdown of the vessel, delays in other scheduled ports, or in the interest of maximizing the efficiency of multiple commercial and Exchange deliveries. Such revisions require cancellation of the original nomination and substitution of the vessel originally nominated.

The amendments to Rule 11.05(v) and (vi) expressly permit the receiver to cancel and substitute a nominated vessel and establish provisions to determine the earliest date when the deliverer is obligated to load the sugar under such circumstances.

b. Amendments to Rule 11.05 (Effective Date for Notice of Readiness)

Exchange rules also require the receiver to provide the deliverer with a Notice of Readiness ("NOR"), which informs the deliverer that the nominated vessel has in fact arrived at the port, has cleared any necessary port processes and is ready to be given a specific berth where loading can commence. The amendments to Rule 11.05(iii) and (iv) expressly provide that a NOR becomes effective either:

At the beginning of the next local working period after the expiration of the 7 day notice period following nomination of the vessel, in the event the NOR is presented before the end of that seven day notice period; or

At the beginning of the next local working period after tender of the NOR in the event NOR is presented after the end of the 7 day notice period.

In addition, the amendments also expressly require the NOR to be tendered in writing or by electronic transmission during normal business hours.

c. Amendments to Rule 11.08 (Nomination of Berth and Priority)

In conjunction with the amendments to Rule 11.05 regarding NOR effectiveness, the Exchange is amending Rule 11.08, to expressly provide that the deliverer's obligation to nominate a berth commences

when the NOR becomes effective as per amended Rule 11.05. The amendment provides clarity by indicating that the deliverer's obligation to nominate a berth does not commence when the receiver presents the NOR, rather it commences when the NOR becomes effective. In addition, the amendments also expressly provide that berthing priority shall be determined based upon the effective date of the Notice of Readiness unless the custom of the port provides differently.

d. Amendments to Rule 11.07

Currently, Exchange rules provide for supervision of the loading process, including sampling, weighing and testing, by a supervision company appointed by the deliverer. The rules also allow the receiver to appoint their own protecting supervisor to "observe" that process. The amendment to Rule 11.07 clarifies that when a Receiver appoints a protecting supervision company, such protecting supervisor has the right to "attend" weighing, sampling and testing performed by deliverer's supervision company.

Each of the amendments to the Sugar No. 11 delivery procedures described above was unanimously approved by the Exchange's World Sugar Committee. Further, the amendments to Rules 11.05, 11.07 and 11.08 will become effective for currently listed contract months on April 1, 2013, as the amendments are merely clarifying and do not change the contract terms and conditions.

The Exchange certifies that the amendments to Rule 11.00, 11.05, 11/07 and 11.08 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 ("Core Principles") as set forth in the Commodity Exchange Act and has determined that the amendments impact Core Principles 3 (Contracts not Readily Subject to Manipulation) and 7 (Availability of General Information). The amendments to the premiums for sugar polarization better reflect commercial practice improving the Sugar No. 11 contract as a hedging tool. Further, the Exchange is making the amendments to the delivery procedures with the intent to provide greater clarity, in furtherance of Core Principle 7.

The Exchange is not aware of any substantive opposing views expressed with respect to this filing and certifies that, concurrent with this filing, a copy of this submission was posted on the Exchange's website and may be accessed at (<https://www.theice.com/notices/RegulatoryFilings.shtml>).

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
New York Regional Office

EXHIBIT A

[In the text below additions are underscored and deletions struck out]

Rule 11.00. Contract Terms—Form

(a) No contract for the future delivery of Sugar No. 11 shall be recognized, acknowledged or enforced by the Exchange, or any committee or officer thereof, unless both parties thereto shall be Members, provided, however, that Members shall offer their contracts for clearance to the Clearing Organization which shall become by substitution a party thereto in place of a Member, and thereupon such Clearing Organization shall become subject to the obligations thereof and entitled to all the rights and privileges of a Member in holding, fulfilling or disposing thereof.

(b) The grades deliverable under Sugar No. 11 Futures Contract shall be sound raw centrifugal cane sugar based on 96 degrees average polarization. Raw sugar is any crystallized sugar product from a cane sugar production facility delivered in bulk.

(c) The sugar deliverable under Sugar No. 11 Futures Contract are as follows:

(i) Growths of Argentina, Australia, Barbados, Belize, Brazil, Honduras, Colombia, Costa Rica, Dominican Republic, El Salvador, Ecuador, Fiji Islands, French Antilles, Guatemala, India, Jamaica, Malawi, Mauritius, Mexico, Mozambique, Nicaragua, Peru, Republic of the Philippines, South Africa, Swaziland, Taiwan, Thailand, Trinidad, United States and Zimbabwe.

(ii) The growth of Cuba may be added as deliverable, upon recommendation by the World Sugar Committee, by action of the Board by a two-thirds vote of the Board.

(iii) A growth or growths may be added or deleted as deliverable, upon recommendation by the World Sugar Committee, by action of the Board by a two-thirds vote of the Board; provided that any such addition or deletion shall only affect deliveries in months beyond the last month in which there is an open position at the time of such action of the Board.

(d) Allowances for polarization on sugar deliverable under Sugar No. 11 Futures Contract are as follows:

(i) For the sugar at 97 degrees add [~~1.50%~~] 1.00% of the notice price; for the full degree from 97 degrees to 98 degrees, add an additional 1.25% of the notice price; for the full degree from 98 to 99 degrees, add an additional [~~1.0%~~] 1.50% of the notice price; for each full 1/10th of a degree from 99.0 to 99.3 degrees, add an additional [~~0.1%~~] 0.15% of the notice price; for the full degree from 96 to 95 degrees, deduct 5.50% of the notice price. Fractions of a degree shall be calculated in the same proportions.

(ii) Deliverer shall be responsible to Receiver for any proven damages that may be suffered by Receiver because of any sound sugar delivered upon a Sugar No. 11 Futures Contract testing below 95 degrees at the time final weights and tests are taken.

(balance of the Rule unchanged)

Rule 11.05. Readiness of Vessel for Sugar

(a)(i) Receiver shall [~~declare~~] nominate to Deliverer in writing, the vessel name and vessel characteristics, estimated time of arrival, total quantity to be loaded and demurrage/dispatch rates prior to 11:00 A.M. New York Time on a full Business Day at least seven (7) calendar days prior to the expected readiness of the vessel at the sugar loading port. After nomination, Receiver shall keep Deliverer advised of vessel's estimated arrival [~~time~~].

(ii) ~~Notwithstanding the above, in the case of deliveries for the January futures contract, the earliest date on which the Receiver may make the declaration required under paragraph (a)(i) above is the first calendar day of the delivery month.~~

Notice of Readiness shall be tendered in writing or by electronic transmission to shipper and/or vessel agent during local business hours whether in port or not, whether in berth or not, whether custom cleared or not, whether in free pratique or not.

(iii) In case vessel's Notice of Readiness is presented earlier than seven (7) calendar days after Receiver has provided Deliverer with such [declaration] nomination in writing, the Notice of Readiness shall become effective and laytime for Deliverer shall commence [the Notice of Readiness time only to start counting] at the beginning of the first (1st) local working period after expiration of the seven (7) calendar day notice period.

(iv) In case vessel's Notice of Readiness is tendered after expiration of the seven (7) calendar day notice period, the Notice of Readiness shall become effective and laytime shall commence from the beginning of the next local working period after tender of vessel's Notice of Readiness.

(v) The Receiver shall have the right to substitute the nominated vessel and such substitution shall not be considered as a new nomination provided that the substitute vessel tenders its Notice of Readiness no later than five (5) calendar days after the expected Notice of Readiness of the original vessel nominated ("Original NOR"). Should the substitute vessel tender its Notice of Readiness before the Original NOR then the notice period from the original vessel nomination shall apply. Should the substitute vessel tender its Notice of Readiness more than five (5) calendar days after the Original NOR it shall be considered to be a new nomination made on the date of the substitution if received prior to 11:00AM New York time on a full business day or on the next full business day if the substitution is received after 11:00AM New York time on a full business day. Should the Receiver nominate a greater quantity to be loaded on the substitute vessel then the notice period for the additional quantity nominated shall commence on the date of the substitution if received prior to 11:00AM New York time on a full business day or on the next full business day if the substitution is received after 11:00AM New York.

(vi) Notwithstanding the above, the Receiver shall have a right to cancel the nomination of a vessel prior to its berthing.

(b) Receiver shall have the sugar vessel ready at load port on any day from the first (1st) calendar day of the delivery month to and including the fifteenth (15th) calendar day of the second (2nd) succeeding calendar month.

Rule 11.07. Final Weights and Tests

(a) Final settlement shall be based upon shipper's weights and tests determined at loading port at the time of loading. Deliverer is to pay all the expenses of the weighing, sampling, and testing at port of loading which shall be supervised by an internationally recognized and independent supervision company selected by the Deliverer. Deliverer shall provide written notification of the chosen supervision company to the Receiver at least six (6) days prior to the commencement of loading, and in the event of any change to the chosen company shall promptly provide written notification of such change to the Receiver. Receiver shall have the right to appoint at his own expense an internationally recognized and independent

supervision company to attend and observe the weighing, sampling, and testing procedures utilized by the Deliverer's representative at the port of loading.

(b) At loading the Deliverer shall provide satisfactory facilities for weighing which shall be done at the time the sugar is being loaded onto the vessel (or onto barge(s) if loading is at anchorage). Facilities used for weighing shall have a maximum tolerance of 1/10th of one percent (0.10%), and the Deliverer's supervisor shall satisfy himself that such facilities are tested by means of certified check weights at least once in every twenty-four (24) hours. In the event that weighbridges are used, the Deliverer's supervisor shall satisfy himself that such weighbridges are frequently tested to assure accuracy; they shall also be tested with certified check weights at least once every year.

(c)(i) At loading the Deliverer shall provide satisfactory facilities for sampling, which shall be done at the time of weighing. During the progress of sampling, the sugar drawn shall be kept in containers approved by, and shall remain under the control of, the Deliverer's supervisor.

(ii) Samples shall represent each lot of two thousand (2,000) tons of Deliverer's sugar loaded onto Receiver's vessel. All samples representing two thousand (2,000) tons of Deliverer's sugar shall be carefully mixed together by the Deliverer's supervisor so as to represent as true an average as possible. Samples shall be of a sufficient quantity to fill at least four (4) sealed containers. One (1) such container shall be given to the Deliverer and one (1) to the Receiver; two (2) shall be retained by the Deliverer's supervisor. All samples shall be retained for at least two (2) months after the date the commercial invoice is presented by the Deliverer in accordance with Rule 11.08(3)(a). If the Receiver has appointed a ~~separate~~ protecting supervis[ors]ion company to attend and observe loading in accordance with paragraph (a) above, both the Deliverer and Receiver may separately analyze his sample using a recognized and competent laboratory with a proven record of performing acceptable sugar analysis in the international sugar trade, and, where the polarizations of the Receiver and Deliverer differ by less than point one five (0.15) of a degree, then the mean of the two (2) shall be taken as the invoice basis. Where polarizations differ by point one five (0.15) of a degree or more, a third sample shall be polarized by an independent chemist with a proven record of performing acceptable sugar analysis in the international sugar trade as appointed by both the Deliverer's and Receiver's supervis[ors]ion companies, the cost of ~~which~~ such polarization shall be shared equally by the Deliverer and Receiver. In the event that the Deliverer's and Receiver's supervis[ors]ion companies fail to mutually agree on such chemist, the Sugar Delivery Committee will nominate such chemist. The mean of the two (2) nearest polarizations shall be taken as the basis for the invoice ~~[basis]~~, but where the middle polarization is equidistant from the other two~~w~~ (2) the middle polarization ~~[#]~~ shall be taken as the basis for the invoice ~~[basis]~~.

Rule 11.08. Obligations of the Receiver and Deliverer

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(2) Obligations of the Deliverer:

(a)(i) Once the Notice of Readiness has become effective in accordance with Rule 11.05, the Deliverer shall nominate one (1) or two (2) safe berths, as per the Charter Party Agreement (or safe anchorages where Deliverer may load by lighter). At the same time, the Deliverer shall nominate the quantity to be loaded at each berth/anchorage nominated. Deliverer thereafter may nominate alternate berth(s) for Receiver's vessel or amend the quantity to be loaded at each berth/anchorage by agreement between the Deliverer and the Receiver, such agreement not to be unreasonably withheld.

~~[(ii) Notice of Readiness is to be tendered in writing or by electronic transmission to shipper and/or vessel agent during local business hours whether in port or not, whether in berth or not, whether custom cleared or not, whether in free pratique or not. Lay time for Deliverer shall commence at the beginning of the next working period after presentation of vessel's Notice of while respecting Rule 11.05(a)(i).]~~

(ii[†]) Once Notice of Readiness becomes effective, the vessel shall be berthed (or anchored) and Deliverer shall commence loading. If vessel congestion at loading berth or anchorage prevents the vessel from berthing (or anchoring), vessel must wait its turn in berth. Berthing priority (at the nominated berth) shall be determined based upon the effective Notice of Readiness unless the custom of the port provides differently. The burden of proving such custom rests with the Deliverer.

(iii[✕]) The loading rate of four thousand (4,000) long tons per weather working day (stevedoring holidays excluded) shall apply for despatch and demurrage purposes provided the vessel is capable of receiving at this rate, and provided the vessel has a minimum of four (4) hatches available and accessible, according to the custom of the loading port. If less than four (4) hatches are available and accessible, or if the vessel is otherwise incapable of being loaded at the aforesaid loading rate, the loading rate shall be reduced proportionately.

(iv) Following the expiration of lay time for the declared vessel the Deliverer shall pay (in addition to demurrage) a daily fee to the Receiver equal to a percentage of demurrage at the Charter Party rate while the vessel remains on demurrage in accordance with the following schedule:

the 1 st period of 15 days:	0% of the daily demurrage rate
the 2 nd period of 15 days:	50% of the daily demurrage rate
for all days thereafter:	100% of the daily demurrage rate

Where there is more than one (1) Shipper/Deliverer, whether via the Exchange or not, with no undue delays attributable to any one (1) party, the results of the lay time calculation (time saved or time lost) shall be shared on a pro-rata basis in proportion to the tonnage shipped by each as a fraction of the total shipped.

However, where it can clearly be shown by reference to the official Statement of Facts, or other reliable evidence, that one (1) or more party/parties was/were responsible for a loss of time out of reasonable proportion to their co-shippers then they alone shall be responsible for such loss of time and any costs are all consequences arising therefrom.

It is understood that this may result in the party/parties responsible for such undue loss of time incurring demurrage while their co-shippers may earn dispatch.