ICE FUTURES U.S.
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New York, New York 10282

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OFFICE OF THE SECRETARIAT
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**BY ELECTRONIC TRANSMISSION**

Submission No. 09-27
June 11, 2009

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: Amendments to Rule 5.03(j) -**
**Submission Pursuant to Section 5c(c)(1) of the Act and Regulation 40.6**

Dear Mr. Stawick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended, and Commission Regulation 40.6, ICE Futures U.S., Inc. ("Exchange") submits, by written certification, amendments to Rule 5.03(j), attached as Exhibit A.

The amendments to Rule 5.03(j) allow an Exchange member firm to accept as margin deposits from their customers the permitted investments listed in Commission Regulation 1.25. Such permitted investments are to be valued at an amount not to exceed market value less applicable haircuts as required by Securities and Exchange Commission Regulation 240.15c3-1.

The Exchange understands that the Commission intends to significantly revise the scope and character of the investments that will be permitted under Regulation 1.25 and is seeking comment regarding the credit, liquidity and market risk of each of the investments currently permitted, in light of the Regulation's prudential standard that all such investments be consistent with the objectives of preserving principal and maintaining liquidity. Hence, the amendment is written so that it will automatically permit or exclude whatever instruments the Commission permits for investment under Regulation 1.25, as amended from time to time, without requiring a corresponding amendment to Rule 5.03(j).

Further, attached as Exhibit B are the haircuts and credit rating requirements applicable under the above-cited SEC Regulation and CFTC regulations for the permitted investments currently listed in Regulation 1.25 which will be posted on the Exchange's web site in a Member Notice issued by the Exchange.

The Exchange certifies that the amendments comply with the requirements of the Commodity Exchange Act and the rules and regulations promulgated thereunder.

The amendments were adopted by the Exchange's Board of Directors at its meeting on June 10, 2009 and will go into effect on June 15, 2009.

If you have any questions or need further information, please contact me at 212-748-4084 or jill.fassler@theice.com.

Sincerely,

Jill S. Fassler
Vice President
Associate General Counsel

cc: Division of Market Oversight
New York Regional Office

## EXHIBIT A

(In the text of the amendments below additions are underlined and deletions are bracketed and lined out.)

**Rule 5.03. Margin**

* * *

(j) Margin for Exchange Futures and Options Contracts may be deposited or credited in any one (1) or more of the following forms, subject to such terms and conditions as may be established by each Member Firm:

(i) United States currency, checks payable in United States currency; or any currency freely convertible to United States currency; if foreign currency is deposited its U.S. Dollar equivalent calculated at the current rate of exchange must satisfy the Customer's Margin obligation; [~~T~~]the Clearing Member's record of calculation shall be kept and shall be open for inspection in accordance with section 1.31 of the regulation of the CFTC[~~.~~];

(ii) Securities issued by the United States Treasury Department[~~;~~] valued at an amount not to exceed market value less applicable haircuts as required by SEC Regulation 240.15c3-1 and acceptable to the Clearing Organization[~~.~~];

* * *

(vi) Electronic warehouse receipts ("EWRs") for Coffee "C", Cocoa, Cotton[~~,~~] and Frozen Concentrated Orange Juice[~~, Not From Concentrate Orange Juice and Robusta Coffee~~] certified for delivery in Exchange licensed warehouses and which identify the Carrying Member as the title holder, to be valued at no more than 70% of their value based upon the Settlement Price of the nearby contract for the Commodity (determined in accordance with such procedures as may from time to time be established by the Exchange);

(vii) Fully paid equity securities not issued by the Clearing Member's Customer or the Customer's affiliates which are listed for trading on the New York Stock Exchange, Inc.[~~, the American Stock Exchange, Inc.,~~] or Nasdaq; Such equity securities should be free from liens and encumbrances, represent no more than 5% of the issued and outstanding shares of any one issuer and have a market value of at least ten dollars ($10) per share and are valued at 75% of the market value;

* * *

(ix) Credit in the Customer's account arising from a secured loan by the Clearing Member as such term is defined under CFTC Regulation 1.17; [~~and~~]

(x) Money market mutual funds allowable under CFTC Regulation 1.25 [~~(~~]to be valued at an amount not to exceed market value less applicable haircuts as required by SEC Regulation 240.15c3-1[~~)~~] and acceptable to the Clearing [~~Corporation.~~] Organization; and

(xi) "Permitted investments" specified in CFTC Regulation 1.25, as amended from time to time, provided however that any such instruments shall be valued at an amount not to exceed market value less applicable haircuts as required by SEC Regulation 240.15c3-1.

## EXHIBIT B

**Agencies of the US Government**

(i) Less than 3 months to maturity--0 percent.

(ii) 3 months but less than 6 months to maturity--1/2 of 1 percent

(iii) 6 months but less than 9 months to maturity--3/4 of 1 percent.

(iv) 9 months but less than 12 months to maturity--1 percent.

(i) 1 year but less than 2 years to maturity—1 1/2 percent.

(ii) 2 years but less than 3 years to maturity--2 percent.

(i) 3 years but less than 5 years to maturity--3%.

(ii) 5 years but less than 10 years to maturity--4%.

(i) 10 years but less than 15 years to maturity—4 1/2%.

(ii) 15 years but less than 20 years to maturity--5%.

(iii) 20 years but less than 25 years to maturity—5 1/2%.

(iv) 25 years or more to maturity--6%.

**Municipals**

*** *Category 1***

(i) Less than 30 days to maturity--0%.

(ii) 30 days but less than 91 days to maturity--1/8 of 1%.

(iii) 91 days but less than 181 days to maturity--1/4 of 1%.

(iv) 181 days but less than 271 days to maturity--3/8 of 1%.

(v)271 days but less than 366 days to maturity--1/2 of 1%.

(vi) 366 days but less than 456 days to maturity--3/4 of 1%.

(vii) 456 days but less than 732 days to maturity--1%.

** Category 2*

(i) Less than 1 year to maturity--1%.

(ii) 1 year but less than 2 years to maturity--2%.

(iii) 2 years but less than 3\1/2\ years to maturity--3%.

(iv) 3\1/2\ years but less than 5 years to maturity--4%.

(v)5 years but less than 7 years to maturity--5%.

(vi) 7 years but less than 10 years to maturity—5 1/2%.

(vii) 10 years but less than 15 years to maturity--6%.

(viii) 15 years but less than 20 years to maturity—6 1/2%.

(ix) 20 years or more to maturity--7%.

* See SEC RULE 15c3-1 for detailed differences for Municpals Category 1 and 2.

**<u>Commercial Paper, Bankers Acceptances and Certificates of Deposits</u>**

(1)Less than 30 days to maturity--0 percent.

(2)30 days but less than 91 days to maturity 1/8 of 1 percent.

(3)91 days but less than 181 days to maturity 1/4 of 1 percent.
(4)181 days but less than 271 days to maturity 3/8 of 1 percent.

(5)271 days but less than 1 year to maturity 1/2 of 1 percent; and

(6)with respect to any negotiable certificate of deposit or bankers acceptance or similar type of instrument issued or guaranteed by any bank, as defined above, having 1 year or more to maturity, the deduction shall be the same percentage as described in paragraph (c)(2)(vi)(A) of SEC RULE 15c3-1.

**<u>Nonconvertible Debt Securities and Foreign Sovereign Debt</u>**

(1) In the case of nonconvertible debt securities having a fixed interest rate and a fixed maturity date and which are not traded flat or in default as to principal or interest and which, the applicable percentages of the market value specified below are:

(i) Less than 1 year to maturity--2%

(ii) 1 year but less than 2 years to maturity--3%

(iii) 2 years but less than 3 years to maturity--5%

(iv) 3 years but less than 5 years to maturity--6%

(v)5 years but less than 10 years to maturity--7%

(vi) 10 years but less than 15 years to maturity—7 1 /2%

(vii) 15 years but less than 20 years to maturity--8%

(viii)20 years but less than 25 years to maturity—8 1/2%

(ix) 25 years or more to maturity--9%

Municipal securities, government sponsored agencies, certificates of deposits, commercial paper and corporate notes, except notes that are asset backed, must have the highest short-term rating of at least one NRSRO or one of the two highest long-term ratings of at least one NRSRO. Asset-backed Corporate Notes and Foreign Sovereign Debt investments must have the highest rating of at least one NRSRO.

Generally, ratings of the 3 NRSROs (Moody's Investor's Services, Standard & Poor's, and Fitch IBCA, Duff & Phelps) can be found on the services' web sites, in publications, and in the Bloomberg System. Below are the two highest long-term and short-term ratings of these NRSROs:

| **NRSRO** | **Highest Long-Term Ratings** | | **Highest Short-Term Ratings** | |
|---|---|---|---|---|
| Moody's | Aaa | Aa1 | P-1 | P-2 |
| S&P | AAA | AA+ | A-1+ | A-1 |
| Fitch | AAA | AA+ | F1+ | F1 |

Furthermore, if an instrument is downgraded by an NRSRO below an acceptable rating, the instrument must be valued at the lesser of the current market value or the market value on the day preceding the downgrade, less 20% of that value for each day since the downgrade (i.e. after 5 days the value would be $0).