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BY ELECTRONIC TRANSMISSION

Submission No. 13-116
December 16, 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 Physical Emissions Rule 18.D001 –
Submission Pursuant to Section 5c(c)(1) of the Act and Regulation 40.6

Dear Ms. Jurgens:

ICE Futures U.S., Inc. (“IFUS” or “Exchange”) hereby certifies amendments to Rule 18.D.001 (California Carbon Allowance Future) pursuant to Section 5c(c)(1) of the Act and Regulation 40.6. Rule 18.D.001 contains specifications for the Exchange futures contract that is based on the cap and trade program instituted by the State of California to reduce greenhouse gas emissions. The California program brings supply into the physical market by both direct allocation of allowances to compliance parties and the sale of allowances through scheduled auctions. The Exchange’s California Carbon Allowance (“CCA”) futures contract currently calls for physical delivery of allowances which are compliant with the California cap and trade program (i.e. those issued by the California Air Resources Board). The intent of the Exchange was to permit as deliverable under the futures contract those allowances that were acceptable under the California program; at the time of launching the futures contract California only accepted its own allowances in the program. With the expansion of that program to include linked programs from other jurisdictions (as described below), the Exchange has made express provisions for such linked programs in the amendments which are attached as Exhibit A.

Effective January 1st, 2014, the State of California and the Province of Quebec will officially link their CO₂ cap and trade programs. These linked programs will utilize the existing electronic registry that is used for the transfer of allowances, and all entities with California or Quebec CO₂ allowance holdings in the registry will be able to transfer those allowances. Because the origin of the allowances in the electronic registry used by California will not be identified, the California and Quebec allowances will be indistinguishable from each other and fully fungible. Thus, what formerly was a Quebec allowance will become acceptable under the California program. This change is the end result of a long, public regulatory process in which market participants were actively involved. As a consequence of the scheduled linking of these

two programs, it will be impossible for a party to satisfy its delivery obligations under the existing Exchange contract terms (without the amendment), as there will be no way to determine whether the allowance being delivered was issued by the California Air Resources Board or by Quebec.

In response to the changes made by California, the Exchange is amending Rule 18.D.001 to expressly recognize delivery against the CCA futures contract of allowances from other cap and trade programs which are linked to, and acceptable under, the California program. This amendment is consistent with the purpose and intent of the futures contract and is necessary to ensure there is no disruption to physical delivery under the futures contract. The amendments will become effective January 1, 2014.

The Exchange has reviewed the designated contract market Core Principles and has determined that the amendments may impact the following:

DCM Core Principle 3 (Contracts Not Readily Subject to Manipulation). The amendment is consistent with the guidance in Appendix C to Part 38 of the Regulations applicable to contract markets. Specifically, it conforms the delivery terms of the futures contract to the most common commercial practices and conditions in the cash market for the commodity underlying the contract. The amendments ensure that physical delivery of the contract will not be impeded so as to promote convergence of cash and futures market prices at expiration of the contract.

The Exchange certifies that the amendments comply with the requirements of the Commodity Exchange Act and the rules and regulations promulgated thereunder. A copy of this submission has been posted on the Exchange's website concurrent with its filing and may be accessed at (<https://www.theice.com/notices/RegulatoryFilings.shtml>). The Exchange is not aware of any opposing views.

If you have any questions or need further information, please contact me at 212-748-4083 or at audrey.hirschfeld@theice.com.

Sincerely,



Audrey R. Hirschfeld
SVP and General Counsel
ICE Futures U.S., Inc.

Enc.

cc: Martin Murray
Division of Market Oversight
New York Regional Office

18.D.001 California Carbon Allowance Future

Contract Description: Physically delivered [~~California~~] [~~G~~]greenhouse [~~G~~]gas [~~E~~]emissions [~~A~~]allowances [~~("California Carbon Allowances")~~] where each is an allowance issued by the California Air Resources Board or a linked program ("California Carbon Allowance") representing one metric ton of CO₂ equivalent under California Assembly Bill 32 "California Global Warming Solutions Act of 2006" and its associated regulations, rules and amendments, all together known as the "California Cap and Trade Program".

Remainder of Rule Unchanged