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**ICE** FUTURES U.S.  
World Financial Center  
One North End Avenue  
New York, New York 10282

**BY ELECTRONIC TRANSMISSION**

Submission 07-79  
December 17, 2007

Mr. David Stawick  
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: Amendments to the Definitions Chapter, Rules 2.40 and 5.03, and New Rule 5.06 -  
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 the Definitions Chapter, Rules 2.40 and 5.03 and the adoption of new Rule 5.06, attached as Exhibit A.

ICE Clear U.S., Inc. has negotiated an agreement with the Options Clearing Corporation ("OCC") to provide cross margining for Russell Index products cleared at ICE Clear U.S. with options and ETFs on the Russell Indexes cleared at OCC. The agreement is modeled on an agreement that OCC has operated under for more than a decade. Because of its age, the agreement extends cross margining only to clearing members conducting proprietary trading and those of their customers who are "members". Because membership is not a requirement to trade electronically on the Exchange, there is a risk that some of the large traders for whom cross margining is important would not be eligible for the program. To address this situation, in the Definitions Chapter of the Rulebook, the definition of the term "Member" was amended and a definition of the term "Cross Margining Participant" was added, and Membership Rule 2.40 was also amended. The amendments permit members or member firms of any designated contract market, who are not members of the Exchange, to be eligible to participate in a cross margining program. Any persons granted such privileges are deemed "Cross Margining Participants" and Cross Margining Participants are, in turn, considered "members" of the Exchange to the extent they participate in the program. In this way algorithmic and other active traders of Russell products will be able to avail themselves of the advantages of the program.

In addition, certain conforming amendments have been made to Margin Rule 5.03 and new Rule 5.06 was adopted.

The Exchange certifies that the new Rule and the amendments comply with the requirements of the Commodity Exchange Act and the rules and regulations promulgated thereunder. No substantive opposing views were expressed by members or others with respect to the amendments or resolution.

The new Rule and the amendments were adopted by the Exchange's Board of Directors on November 14, 2007. The adoption of new Rule 5.06 and the amendments to the Definitions Chapter, Rules 2.40 and 5.03 will become effective after Commission approval of a petition filed with the CFTC by ICE Clear U.S., Inc. for the establishment of a cross margining program with OCC and the commingling of segregated funds and approval by the Securities and Exchange Commission of the amendment to OCC's existing agreement.

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

Sincerely,

Jill S. Fassler  
Vice President  
Associate General Counsel

cc: Riva Adriance  
CFTC, Division of Market Oversight  
Allen Cooper  
CFTC, New York Regional Office

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

## Definitions Chapter

### **Cross Margining Participant**

The term "Cross Margining Participant" shall mean a Person that has been granted cross margining privileges pursuant to Rule 2.40.

### **Member**

The term "Member" shall mean and include a Permit Holder, Lessee, Member Firm, Trading Member and Cross Margining Participant (to the extent that such Person engages in transactions in Commodity Contracts that are the subject of a Cross Margining Program implemented by the Clearing Organization.

### **Rule 2.40. [Reserved] Cross Margining Privileges**

The Exchange may, upon application submitted in accordance with such procedures as it adopts from time to time, grant cross margining privileges to any Person that is a member or member firm of another designated contract market. The holder of such privileges shall be entitled to participate in any Cross Margining Program authorized under Clearing Organization Rule 502B, but only to the extent that the holder actively trades for his or its own account Exchange Futures Contracts or Options that are eligible for cross margining treatment under the terms of the Cross Margining Program. Cross margining privileges granted pursuant to this Rule shall not be transferable.

### **Rule 5.03. Margin**

(a) Member Firms shall calculate the amount of Original Margin required to be collected from each Person for which it carries an account holding Exchange Futures and/or Options Contracts using the SPAN<sup>TM</sup> (Standard Portfolio Analysis of Risk) margining system unless otherwise determined by the Board. Original and Maintenance Margin requirements for any account that is subject to cross margining pursuant to the terms of a Cross Margining Program under Clearing Organization Rule 502B shall be calculated in accordance with the terms of such Cross Margining Program and collected by the Carrying Firm in accordance with this Chapter 5.

[REMAINDER OF RULE UNCHANGED]

### **5.06. Cross Margining Programs**

Members of the Exchange shall be eligible to participate in any Cross Margining Programs established by the Clearing Organization pursuant to Clearing Organization Rule 502B, provided, however, that participation shall be subject to such limitations, terms and conditions as may be prescribed by the Carrying Member.

## **EXHIBIT A**