



BY ELECTRONIC TRANSMISSION

Submission No. 14-127
December 8, 2014

Mr. Christopher J. Kirkpatrick
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 Pre-Execution Communications FAQ –
Submission Pursuant to Section 5c(c)(1) of the Act and Regulation 40.6**

Dear Mr. Kirkpatrick:

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”) hereby notifies the Commission of amendments to its Pre-Execution FAQ specified in Exhibit A, which the Exchange is implementing by self-certification effective January 5, 2015. The amendments reduce the period of time that offsetting orders are exposed to the market before a Crossing Order (“CO”) is activated for certain contracts.

In accordance with Exchange Rules, all cross trades must be executed by the submission of a CO. When a CO is entered onto the Electronic Trading System (“ETS”) the CO will simultaneously trigger a Request For Quote (“RFQ”) message. The RFQ will expose the quantity and contract/structure of the CO to the marketplace for price improvement. Entry of the CO/RFQ will also trigger the start of an automatically timed waiting period (currently 5-15 seconds depending upon the product). During the waiting period, other market participants can submit bids and offers, which are live and tradable. At the end of the waiting period the CO will be evaluated against the order book and, if the price improves, the best bid and the best offer in the order book will trade with some or all of the CO at the improved price. If there is no better bid/offer, 100% of the CO quantity will match at the CO price.

The amendments to Questions 8, 13 and 15 of the FAQ establish a uniform five (5) second waiting period for all COs in all contracts. Currently, the waiting period for all futures, energy options and equity index options is five (5) seconds and the waiting period for

agricultural options, precious metals options and other financial options is fifteen (15) seconds. The amendments reduce the waiting period for these options to five (5) seconds in response to numerous requests from market participants. These participants have indicated that the fifteen (15) second waiting period is too long because they are unable to make tight bids/offers during pre-execution communications because the market can move against them during the fifteen (15) second window. In addition, such participants are unable to limit their exposure because Exchange rules prohibit them from hedging their position prior to the consummation of the cross trade (i.e. participants cannot hedge until after the 5 or 15 second window has elapsed).

Trading tools which provide automatic, nearly instantaneous pricing for options and combination strategies, are widely available and utilized. As such, the 5 second window should not pose an impediment to 3rd party participation in cross trades. The Exchange has not experienced any such problems in energy and equity index options, which have had a five (5) second waiting period for approximately two years.

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

The Exchange is not aware of any substantive opposing views expressed by members or others with respect to the amendments 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 the undersigned at 212-748-4083 or Audrey.hirschfeld@theice.com.

Sincerely,

A handwritten signature in blue ink that reads "Audrey R. Hirschfeld". The signature is written in a cursive style with a large, looped "D" at the end.

Audrey R. Hirschfeld
SVP and General Counsel

cc: Division of Market Oversight

EXHIBIT A

Pre-Execution Communications FAQ

* * *

8. After submitting a CO, how much time will elapse before the CO is automatically activated?

~~[For all futures, energy options and equity index options,] [f]Five (5) seconds will elapse after submission of the CO before the CO is automatically activated. [For agricultural options, precious metals options* and other financial options, fifteen (15) seconds will elapse after the submission of the CO before the CO is automatically activated.]~~

* * *

13. Once the CO is submitted and quotes are made, may the submitter of the CO trade opposite the bids or offers entered in response to the RFQ?

Yes. However, the parties to the CO cannot enter bids or offers that would improve the bids or offers made in the corresponding market during the ~~[respective] 5 [or 15]~~ second crossing window. This would violate the provisions of Rule 4.02(m)(2)(C) which prohibit the parties to pre-execution communications from entering orders that take advantage of information obtained through the pre-execution communication, such as the price at which the CO will execute.

* * *

15. Once the CO is submitted and quotes are made, may the submitter of the CO change the CO?

No. The submitter of the CO cannot change the originally submitted CO and may not submit another CO until the original CO is transacted. Further, the parties to the CO cannot enter bids or offers that would improve the bids or offers made in the corresponding market during the ~~[respective] 5 [or 15]~~ second crossing window.