



**ICE Futures U.S. Inc.**  
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New York, New York 10105

**BY ELECTRONIC TRANSMISSION**

Submission No. 25-49  
March 28, 2025

Mr. Christopher J. Kirkpatrick  
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 Certain Sugar Rules - Submission Pursuant to Section 5c(c)(1) of the Act and Regulation 40.6(a)**

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(a)(1) of the Commodity Exchange Act, as amended, and Commodity Futures Trading Commission (“CFTC” or “Commission”) Regulation 40.6(a), ICE Futures U.S., Inc. (“Exchange”) hereby self-certifies the amendments to, or adoption of, Exchange Rules 11.00(d), 11.00(h), 11.02, and 11.08 set forth in attached Exhibit A. The amendments/adoption address certain provisions applicable to Sugar No. 11 futures (“No. 11”) contracts as discussed below.

**I. Rule 11.00(d). Polarization**

The Exchange is amending Rule 11.01(d) to raise the minimum polarization for sugar that is deliverable under contract from 95.0 degrees to 97.0 degrees. The amendment does not revise the current provisions for par polarization at 96.0 degrees or the current premiums for delivery of sugar with polarization at or above 97.0 degrees.

The amendment was recommended by the Exchange’s World Sugar Committee (the “Committee”), which determined that the quality of sugar produced for export has increased significantly since the current polarization terms were put in place, and that the amendment would align the contract terms more closely with the commercial market.

**II. Rule 11.00(h). Good Faith Provisions**

In accordance with Section 1.4 of the By-Laws of the Exchange, the No. 11 contract Rules are governed by and construed in accordance with the laws of the State of New York. Under New York law, there is an implied covenant of good faith and fair dealing in all contracts. The covenant requires all parties to act honestly, fairly, and with the intention of fulfilling their contractual obligations.

As not all active users of the No. 11 are familiar with New York law, the Committee recommended that the Exchange expressly incorporate the implied covenant in the Rules to provide notice to such participants. Accordingly, the Exchange is adopting Rule 11.00(h), which expressly states that Deliverers and Receivers must act in accordance with the principles of good faith and fair dealing in performing their delivery obligations under the No. 11 contract Rules.

**IV. Rule 11.08. Demurrage**

*Background*

The No. 11 Rules establish the rate for loading sugar onto a vessel and provide for the award of “despatch” and “demurrage” when a Deliverer deviates from such rate. Specifically, the Rules set a minimum daily load rate which a Deliverer should complete per weather working day in the course of completing the loading of a Receiver’s vessel. The Deliverer will earn a payment (called “despatch”) for exceeding that daily load rate, and Receivers will earn a payment (called “demurrage”) when the Load Rate is not met. These despatch and demurrage provisions are broadly consistent with commercial shipping practice.

The No. 11 Rules also provide for what is referred to as “penalty demurrage.” Such penalty demurrage provisions currently become effective after there has been a 15-day delay in the loading of Receiver’s vessel (calculated based on the full quantity of sugar to be loaded, the load rate, and the number of days between the Receiver’s vessel being in port ready to load and the Deliverer’s completion of loading). The initial daily penalty demurrage rate is 50% of the daily demurrage rate for the first 15 days it is applied and then increases to 100% of the daily demurrage rate thereafter. These “penalty demurrage” provisions were added to the Rules more than 20 years ago and are intended to serve as an incentive to the Deliverer to take all possible steps under their control to ensure timely loading of Receiver’s vessel and as compensation to the Receiver for costs incurred in chartering a vessel in the case of untimely loading.

#### *Amendment*

The Exchange is revising the schedule to calculate the application of penalty demurrage provisions under Rule 11.08(2)(a)(iv). The amendment results in an earlier application of penalty demurrage versus the current Rule by changing the calculation periods that trigger the application of the escalating scale of penalty demurrage provisions from 15-day to 10-day day periods following expiration of laytime for a vessel and by increasing the maximum penalty demurrage from 100% to 150% of the demurrage rate for the respective vessel. The Committee and the Exchange believe that the amendment to the demurrage provisions will provide a Receiver with more appropriate compensation for a delay in timely loading of a vessel.

### **III. Rules 11.02 and 11.08. Long vs. Metric Tons**

As mentioned above, the No. 11 Rules establish the rate at which sugar must be loaded onto a vessel by the Deliverer. Currently, that rate is expressed in long tons, which is the unit of measurement for the Exchange’s futures contract. However, the current commercial convention for loading vessels is generally expressed in metric tons rather than long tons. At the recommendation of the Committee, the Exchange is amending Rule 11.02(d) to provide an explicit formula for converting long to metric tons and Rule 11.08(2)(a)(iii) to express the load rate in metric ton terms. The changes are being made to provide clarity to participants and better conform the contract with commercial practice.

#### **Effective Dates**

The Committee’s vote to recommend each amendment was unanimous and the adoption of each was approved by the Exchange’s Board of Directors by unanimous vote. The amendments to Rules 11.00(d) on polarization and 11.08 on demurrage will become effective on April 11, 2025 for the first new contract month listed for trading following the rule amendments filing with the Commission (March 2028 expiry). The adoption of Rule 11.00(h) on good faith provisions and amendments to Rules 11.02 and 11.08 on long versus metric tons will become effective April 11, 2025 for all contract months.

#### **Certifications**

The Exchange certifies that the amendments to the Exchange Rules and the related provisions comply with the requirements of the 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 Act and has determined that the amendments comply with the following relevant Core Principles:

**COMPLIANCE WITH RULES:** Trading in No. 11 contracts is subject to all relevant Exchange rules, which are enforced by the Market Regulation Department.

**CONTRACTS NOT READILY SUBJECT TO MANIPULATION:** The Exchange's No. 11 contracts are not readily subject to manipulation as they are based on established and liquid underlying cash markets and derivative contracts traded at other designated contract markets in compliance with CFTC Regulation 38.200. In addition, trading of the contracts will be monitored by the Market Regulation Department. Consistent with the requirements set forth in Core Principle 3 and Appendix C to Part 38, the amendments more clearly articulate delivery obligations and expectations and better align the terms and conditions of the No. 11 contract with commercial practice.

**AVAILABILITY OF GENERAL INFORMATION:** The Exchange will issue a notice and post the amended No. 11 Rules to ensure that market participants are aware of the amendments.

**PROTECTION OF MARKETS AND MARKET PARTICIPANTS:** The amendments to the above-referenced Exchange Rules comply with Core Principle 12 and CFTC Regulation 38.650 as the rules are provided in furtherance of the Exchange's promotion of fair and equitable trading and to protect markets and market participants from abusive practices by any market participant and their agents.

**FINANCIAL INTEGRITY OF CONTRACTS:** The Exchange's No. 11 contracts will continue to be cleared by ICE Clear U.S., a registered derivatives clearing organization subject to Commission regulation, and carried by registered futures commission merchants qualified to handle customer business.

The Exchange is not aware of any substantive opposing views expressed by members or others with respect to the amended Exchange Rules, 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.ice.com/futures-us/regulation>.

If you have any questions or need further information, please contact me at (312) 836-6748 or [frances.mendieta@ice.com](mailto:frances.mendieta@ice.com).

Sincerely,



Frances M. Mendieta  
Director, Enforcement Counsel  
Market Regulation

cc: Division of Market Oversight  
New York Regional Office

## Exhibit A

(in the text of the amendment below, additions are underscored and deletions are bracketed and lined through)

### Rule 11.00. Contract Terms—Form

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

(i) For the sugar at 97 degrees add 1.00% 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 1.50% of the notice price; for each full 1/10<sup>th</sup> of a degree from 99.0 to 99.3 degrees, add an additional 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]97 degrees at the time final weights and tests are taken.

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(h) Deliverer and Receiver shall act in accordance with the principles of good faith and fair dealing in the performance of their respective delivery obligations under the Rules of this Chapter. A Deliverer or Receiver who fails to act in good faith or deal fairly in the performance of such obligations may be liable for damages, as determined by an arbitration panel, pursuant to Rule 11.09.”

[REMAINDER OF RULE UNCHANGED]

### Rule 11.02. Size of Contract, Price Fluctuation

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(d) For the purpose of calculation under these Rules, each long ton of two thousand two hundred forty (2,240) Standard American avoirdupois pounds shall be equal to 1.01605 metric tons.

[REMAINDER OF RULE UNCHANGED]

### Rule 11.08. Obligations of the Receiver and Deliverer

(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.

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(iii) The loading rate of four thousand (4,000) ~~[long]~~ metric 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 <sup>st</sup> period of <del>[15]</del> <u>10</u> days:	0% of the daily demurrage rate
the 2 <sup>nd</sup> period of <del>[15]</del> <u>10</u> days:	50% of the daily demurrage rate
<u>the 3<sup>rd</sup> period of 10 days:</u>	<u>100% of the demurrage rate</u>
for all days thereafter:	<del>[400]</del> <u>150</u> % of the daily demurrage rate

[REMAINDER OF RULE UNCHANGED]