



April 18, 2011

Mr. David Stawick
Secretary
Commodity Futures Trading Commission
1155 21st Street, NW
Washington, DC 20581

RE: *Core Principles and Other Requirements for Designated Contract Markets*
RIN 3038-AD09

Dear Mr. Stawick:

ICE Futures U.S., Inc. (“ICE Futures U.S.”) appreciates the opportunity to submit comments on the off-market volume data (“Data”) that was made referred to in the Commodity Futures Trading Commission (“CFTC” or “Commission”) proposed rulemaking regarding acceptable practices and amended guidance applicable to designated contract markets (“DCMs”) (the “Proposal”) and recently made available to the public. The Data was used to support a “minimum centralized market trading percentage requirement” of 85% as set forth in proposed §38.502(a).

The Data released indicates that the Commission only looked at three random months of trading volume (May 3, 2010 to July 30, 2010), which we believe is an insufficient reference period. In addition, depending on the commodity contract, the period selected may or may not be representative of longer term patterns. When determining whether or not a commodity contract meets the centralized market percentage, the Commission is requiring DCMs to review a year’s worth of trading data. At the very least, the Commission should review Data for a one-year period as well in order to have a valid basis on which to determine the appropriate minimum percentages. Using data for an entire year would account for crop year cycles and differences in monthly patterns related to delivery periods for the ICE Futures US contracts, which call for physical delivery of the underlying commodity.

In addition, the Data only includes ICE Futures U.S. futures contracts and does not include any information on our options contracts. For example, sugar options volume does not appear to have been considered in determining the 85% threshold for futures, nor has it been considered in determining whether that threshold would be appropriate for our options contracts to which the Commission’s Proposal also applies separately. The Commission should not establish central market requirements for options contracts without first analyzing data pertinent to those contracts.

As noted in our prior comment letter, the consequence of an options contract not meeting a centralized trading requirement is grave because the Proposal would permit the related futures



contract to remain listed on the DCM while the options contract would have to be delisted and traded on a swap execution facility. In such an instance, users of both contracts – including producers, end users and other commercial market participants who routinely use both to hedge their risk – would no longer be able to execute futures and options on a single market or, as is the case today, in a single transaction. This outcome would likely result in increased trading costs, margin inefficiencies due to the potential inability to cross margin futures and swaps positions, and other administrative burdens for these traders. We therefore urge the Commission to review data for all contracts for a longer period of time to ensure that its Proposal does not harm the market.

We appreciate the opportunity to provide this additional comment. Please do not hesitate to contact the undersigned if you have any questions regarding this letter.

Sincerely,

A handwritten signature in blue ink, appearing to read "Audrey R. Hirschfeld", is written in a cursive style.

Audrey R. Hirschfeld
Senior Vice President and General Counsel
ICE Futures US