



ICE OTC EXCHANGE MESSAGING POLICY

Introduction

In some circumstances, inefficient and excessive messaging can slow the performance of the Exchange Trading System (“ETS”) and increase bandwidth and other operational requirements for Participants. In order to address this concern, the Exchange implemented the Exchange Messaging Policy (“the Policy”).

The Policy is designed to discourage inefficient and excessive messaging without compromising market liquidity and sets out certain messaging thresholds which it expects Firms with direct access not to exceed. Most trading activity for Firms with direct access operates well within the thresholds set out in this Policy. The Exchange will levy a surcharge on those Firms with direct access whose system usage per Firm as configured on the ICE Platform exceeds certain thresholds.

Scope of Policy

This Policy applies to such Exchange contracts as shall be designated from time-to-time (“the Designated Contracts”); initially applying to messages in the ICE Henry Hub LD1 Natural Gas Swap contracts (“Designated Contracts”). The Policy will apply to those Firms with direct access that enter more than 100,000 messages in any Designated Contract market on a particular trading day. For the purposes of the Policy, each order submission, revision, hold, cancel/replace and/or consummation constitutes a message.

Weighted Volume Ratio

The Weighted Volume Ratio (“WVR”) is defined as the total number of messages sent to the ETS multiplied by a price-based weighting scale divided by the total number of lots traded. The result is a figure for weighted messages per executed contract.

Each message is weighted as set out below.

Price difference from best bid or offer	Price-based weighting multiplier		Description
	Outrights	Spreads	
None (best bid or offer)	0	0	If the price is the best bid or offer, it will not be counted
At market bid or offer	0	0	If the price equals the best bid or best offer, it will not be counted
1 tick off market	0.5	0.25	If the price is within one minimum price fluctuation (“tick”) of the best bid or best offer it will count as one half of a message for an outright market and one quarter off a message for a spread market
2 ticks off market	1.0	0.5	If the price is two (2) ticks from the best bid or best offer it will count as one (1) message for an outright market and half (0.5) a message for a spread market
3 to 5 ticks off market	2.0	1.0	If the price is between three (3) and five (5) ticks from the best bid or best offer it will count as two (2) messages for an outright market and one (1) message for a spread
More than 5 ticks off market	3.0	2.0	If the price is more than five (5) ticks from the best bid or best offer it will count as three (3) messages for an outright market and two (2) messages for a spread market



Weighted Volume Ratio Thresholds

Firms with direct access who exceed a WVR of 100:1 in a Designated Contract on a particular trading day will receive an electronic notification.

Firms with direct access who exceed a WVR of 100:1 in any Designated Contract or spread market for seven (7) or more electronic trading days in any calendar month will be subject to a one thousand dollar (\$1,000) surcharge for that calendar month.

Firms with direct access who meet or exceed a WVR of 500:1 in any Designated Contract or spread market on any electronic trading day will be subject to a two thousand dollar (\$2,000) surcharge per day for every day that the WVR of 500:1 has been met or exceeded.

Firms with direct access may obtain information regarding their messaging at the ICE website, www.theice.com.

Firms with direct access who are enrolled in any official Exchange Market Maker Program will be monitored under the guidelines set forth in this Messaging Policy; however, such Market Makers may be exempted from the listed surcharges with such exemption to be determined on a case-by-case basis according to specific circumstances, which include but are not limited to, the liquidity of the particular market and the volume and number of trades by such Market Maker in the particular market.

Restriction or Suspension of Access

In addition to the surcharges, the Exchange retains the right to restrict or suspend access to Exchange markets listed on the ETS should the Exchange determine that the message usage associated with any Firm with direct access becomes capable of impairing the orderly conduct of business. Such determination will be made by the Exchange in its absolute discretion and may be made at any time and, of necessary, any consequent restriction or suspension may be implemented immediately and without notice.