

CIRCULAR

15 AUGUST 2016

CIRCULAR 16/118

ICE FUTURES EUROPE: PROPOSED CHANGES TO THE EXCHANGE RULES AND EXPLANATORY NOTE ON THE MEANING OF “*COMPREHENSIVE SANCTIONS JURISDICTIONS*”

CATEGORY

Regulations

ATTACHMENTS

- IFEU Regulations – Section A (General);
- IFEU Regulations – Section B (Membership);
- IFEU Regulations – Section G (Trading);
- IFEU Regulations – Section I (Contract Rules: General Provisions);
- IFEU Regulations – Section JJJJ (White Sugar Futures Contract); and
- IFEU Regulations - Section XXXXXX (Containerised White Sugar Futures Contract).

ICE FUTURES EUROPE RULE CHANGES

The purpose of this Circular is to advise Members of proposed amendments to Sections: A (General), B (Membership), G (Trading), I (Contract Rules: General Provisions), JJJJ (White Sugar Futures Contract) and XXXXXX (Containerised White Sugar Futures Contract) of the ICE Futures Europe rules (the “**Exchange Rules**”), made for the enhancement of current sanctions protections which may impact or affect Members’ transactions effected on ICE Futures Europe (the “**Exchange**”).

The Exchange Rule amendments are set out in the attached marked up versions of the relevant sections.

By way of background, the scope of the proposed amendments to the Exchange Rules can be summarised / categorised as detailed below. Members are strongly advised to familiarise themselves with the proposed amendments to the Exchange Rules by reference to the Attachments and to seek independent professional advice accordingly. The following is just a plain language summary of some of the new provisions and requirements:

1. Representations will arise from Members that neither they nor their affiliates, directors, officers, employees etc. are sanctioned, nor are they carrying out any sanctioned business etc.;
2. Obligations will apply to Members to notify the Exchange in the event they/their affiliates, customers, directors, officers, employees etc. become a target of sanctions;
3. Where Members and their transferors or transferees effect deliveries, Members represent that the vessel and beneficial ownership of the vessel are not the target of sanctions, and that the destination of the delivery is not restricted by sanctions;

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4. Members are required to have and maintain adequate policies and procedures for sanctions and anti-money laundering, and to conduct sanctions and anti-money laundering due diligence on transactions/deliveries, where applicable;
5. Members must not use, deliver, or nominate for delivery anything prohibited by sanctions;
6. Members may further be required to provide the Exchange with additional information for anti-money laundering purposes;
7. These restrictions do not apply where the new obligation, undertaking or representation would be in conflict with any applicable laws which have the effect of blocking sanctions or preventing boycotts. Where blocking sanctions or anti-boycott laws apply so as to negate any of the above requirements, Members are required provide the Exchange with at least 30 days prior notice before relying upon this exception; and
8. The Exchange and/or the ICE Clear Europe (the "**Clearing House**") may reject a transaction or delivery, direct that a substitute vessel be nominated, and/or suspend the Member's membership with the Exchange/Clearing House if the Exchange/Clearing House considers that the transaction or delivery is likely to bring the Exchange/Clearing House into disrepute.

MEANING OF 'COMPREHENSIVE SANCTIONS JURISDICTIONS'

Among the proposed amendments to the Exchange Rules, a number of provisions require Members to notify the Exchange in the event that the Member, or certain persons associated with the Member (including affiliates, customers, directors, officers, and employees of the Member), become "incorporated, registered, located, organised, domiciled, or resident" in a Comprehensive Sanctions Jurisdiction. Please see the proposed amendments in Exchange Rules B.5.1(e)(iii) and B.5.1(f)(iii). Exchange Rules JJJ.3(b)(g)(2) and XXXXX.3(c)(ii) also prohibit sugar deliveries including a destination that is a Comprehensive Sanctions Jurisdiction, save where exemptions apply.

The Exchange Rules state that the meaning of the term "Comprehensive Sanctions Jurisdiction" is to be specified in Circulars issued by the Exchange from time to time. The list will be composed of countries and territories which are currently targeted by broad country or territory-wide sanctions restrictions under US, EU, UN and/or UK laws (sometimes referred to as "*comprehensive sanctions*"). The list may therefore change from time to time in light of future developments, as to be notified to Members in future Circulars. Members should note that the Clearing House maintains an identical list of Comprehensive Sanctions Jurisdictions.

In order to further assist Members in the interpretation of the Exchange Rules, in so far they relate to the current proposed amendments, Members are advised that, at the date of this Circular, the following countries and territories are "*Comprehensive Sanctions Jurisdictions*":

- Crimea (in Ukraine);
- Cuba;
- Iran;
- Sudan;
- Syria; and
- North Korea.

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I therefore give formal notice, on behalf of the Board, in accordance with the Code of Practice that it proposes the change to the Exchange Rules as set out in the Attachments. The Code of Practice provides that any written request for the Board to consider whether the Code of Practice has been adhered to must be received by the Secretary within fourteen days of the date of this Circular. On this occasion and solely for the purposes of this Circular, the Exchange has extended the consultation period to thirty days. Members are invited to comment by Tuesday 13 September 2016 on the proposed amendments to the Exchange Rules within the specified consultation period, by contacting the Exchange on the details provided below.

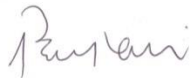
The Company Secretary
ICE Futures Europe
Milton Gate 5th Floor
60 Chiswell Street
London EC1Y 4SA

The effective date of these proposed Rules will be published by Circular.

Should you have any questions in relation to this Circular or require any further information, please contact Dee Blake, Head of Regulation by phone on +44 (0)20 7065 7752 or by email dee.blake@theice.com or Patrick Davis, Head of Legal by phone on +44 (0)20 7065 7738 or by email patrick.davis@theice.com.

Please ensure that the appropriate members of staff within your organisation and customers are advised of the content of this Circular.

Signed:



Patrick Davis
Head of Legal and Company Secretary

FOR MORE INFORMATION, PLEASE CONTACT:

Patrick Davis
Head of Legal and Company Secretary
+44 (0) 20 7065 7738
patrick.davis@theice.com

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