

NOTICE

March 21, 2014

Summary of content

Certain rules relating to trading practices have been moved to Rule 4.02 so that all trade practice violations are in a single location in the Exchange Rulebook.

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REORGANIZATION OF CERTAIN TRADE PRACTICE RULES

The Exchange is hereby advising all market participants that certain rules from Chapter 27 of the Exchange's Rulebook relating to trading practices have been combined into Exchange Rule 4.02 so that all trade practice violations are contained in a single location within the Rulebook. Specifically, Rules 27.20 (Trading Against Customer Orders), 27.21 (Cross Trades), 27.22 (Pre-Execution Communications) and 27.24 (Good Faith Bids and Offers) have been added as subparagraphs to Rule 4.02 (Trade Practice Violations). In addition, Rule 4.17 (Disclosure of Orders) has also been added as a subparagraph of Rule 4.02.

As stated above, the changes have been made so that all trade practice violations are contained in a single location, no substantive changes have been made to any of the affected rules.

The text of the amended Rule follows below (where applicable, references to former rules are included in parenthesis). If you would like a copy showing language additions and/or deletions, please contact the Corporate Secretary's Office at (212)748-4082.

Rule 4.02. Trade Practice Violations

In connection with the placement of any order or execution of any Transaction, it shall be a violation of the Rules for any Person to:

- (a) Manipulate, or attempt to manipulate, the price of any Commodity traded on the Exchange;
- (b) Corner, or attempt to corner, any Commodity traded on the Exchange;
- (c) Execute a wash sale, accommodation Trade, fictitious sale or prearranged Trade;
- (d) Commit fraudulent action on the Exchange;
- (e) Make fictitious or trifling bids or offers, (ii) offer to buy or sell any Contract at variations less than the minimum price fluctuation permitted for such contract under the Rules, (iii) knowingly make any bid or offer for the purpose of making a market price which does not reflect the true state of the market, or (iv) knowingly enter, or cause to be entered, bids or offers other than in good faith for the purpose of executing *bona fide* Transactions; (*Inclusive of former Rule 27.24*)
- (f) Withhold or withdraw from the market any order or any part of an order for the convenience of another Person;
- (g) Prearrange the execution of transactions in Exchange products for the purpose of passing or transferring equity between accounts;
- (h) Engage in any trading practice or conduct that is intended to disrupt the orderly execution of transactions, unduly influence market prices or mislead other market participants;

(i) Engage in cross trading other than in accordance with the following procedures: *(Formerly Rule 27.21)*

(1) Independently initiated orders on opposite sides of the market for different beneficial account owners that are immediately executable against each other may be entered without delay provided that the orders did not involve pre-execution communications as defined in sub-paragraph (m) of this Rule.

(2) Orders on opposite sides of the market that are simultaneously placed for different beneficial accounts by a Person with discretion over both accounts must be entered into ETS as Crossing Order ("CO") which contains both the buy and sell orders.

(3) An order that allows for price and/or time discretion, if not entered immediately upon receipt, may be knowingly entered opposite a second order received by the same intermediary only as part of a CO which contains both the buy and sell orders.

(j) Engage in front running;

(k) Disclose or divulge the buy or sell order of another Person except (1) in furtherance of executing the order, (2) at the request of an authorized representative of the CFTC or (3) pursuant to subparagraph (m) of this Rule regarding certain pre-execution communications. *(Inclusive of former Rule 4.17)*

(l) knowingly enter, or cause to be entered, a Transaction in which the opposite side of a Customer order is executed for an account which is owned or controlled, or in which an ownership interest is held, by an intermediary handling the Customer order, or for the proprietary account of the employer of such an intermediary, without submitting to ETS a Crossing Order ("CO") consisting of both the Customer order and the order for such other account, provided, however, that any Transaction that is consummated without the knowledge of the intermediary shall not be considered to have violated this Rule. *(Formerly Rule 27.20)*

(m) Engage in pre-execution communications, except in accordance with the following procedures: *(Formerly Rule 27.22)*

(1) For the purposes of this Chapter, pre-execution communications shall mean communications between two (2) market participants for the purpose of discerning interest in the execution of a Transaction prior to the terms of an order being entered on the ETS and visible to all market participants on the electronic trading screen.

(2) A market participant may engage in pre-execution communications with regard to Transactions executed on ETS where a market participant wishes to be assured that another market participant will take the opposite side of an order under the following circumstances:

- (A) If a Customer order is involved, the Customer has previously consented to such communications being made on its behalf;
 - (B) A party to pre-execution communications shall not disclose the details of such communications to any Person who is not a party to the communications;
 - (C) A party to pre-execution communications shall not enter an order to take advantage of information conveyed during such communications, except in accordance with this Rule;
 - (D) Each order that results from pre-execution communications must be executed by entry into ETS of a CO consisting of both the buy and sell orders, and
 - (E) Once the terms of a CO have been agreed to, the parties may not delay entry of the CO and may not enter a Request for Quote ("RFQ") until the CO is transacted.
- (n) Engage in any other manipulative or disruptive trading practices prohibited by the Act or by the Commission pursuant to Commission regulation.