ICE FUTURES U.S.

EXCHANGE NOTICE

OCTOBER 27, 2016

AMENDMENTS TO THE ICE FUTURES U.S. EFRP FAQ

The Exchange has amended its Exchange for Related Position Frequently Asked Questions ("EFRP FAQ") regarding the use of EFRP transactions in connection with physical forward agreements and swaps. Specifically, new questions 20 and 21 clarify when off-exchange swap and physical forward contracts may be negotiated to settle via EFRP and when such off-exchange contracts may be offset via EFRP after they have been negotiated. The text of new questions 20 and 21 is attached below and the full EFRP FAQ may be found at https://www.theice.com/publicdocs/futures_us/EFRP_FAQ.pdf

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EFRP FAQs

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20. Can parties to a swap or OTC instrument agree at the time the transaction is being negotiated to settle by EFS; or agree at any time after to offset the swap or OTC instrument by EFS?

Yes, parties may agree at the time a swap or OTC transaction is being negotiated to settle it by EFS. The determination of the settlement value for the instrument must be subject to market risk that is material in the context of the transaction. For example, a sugar swap may be negotiated to settle via EFS on a specific date in the future at the settlement price for the Sugar No. 11® futures contract on a specific date or the average price of the futures contract over a defined period of time.

Parties may also agree to offset a swap transaction via EFS at any time after the swap has been agreed to provided that the swap or OTC transaction stands on its own as an independent transaction, subject to material market risk.

21. **Can parties agree at the time a physical forward contract is being negotiated to include as a term the option to settle the forward delivery obligations by executing an EFP which results in moving the position onto the Exchange; or agree at any time after to offset the physical forward contract by EFP?**

Yes, parties may agree at the time a physical forward contract is being negotiated to include an option to settle/offset the delivery obligations by EFP that effectively results in moving the position onto the Exchange. Like swaps that are negotiated to settle via EFS, the determination of the price of the physical forward contract must be subject to market risk that is material in the context of the transaction. For example, a forward contract calling for delivery of a carbon emissions certificate may be priced at a premium or discount to a subsequent state/government auction price and may include an option to settle the delivery obligation by executing an EFP after the auction price is determined.

Parties may also agree to offset a physical forward contract via EFP at any time after the contract has been agreed to provided that the physical forward contract stands on its own as an independent transaction, subject to material market risk.