ICE OTC

ADVISORY

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Summary of content
Overview of proposed CFTC regulations and request for large trader reporting.

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ICE OTC Markets-Updated Notice Regarding Position Reporting and Account Identification

In June 2008, Congress passed legislation increasing regulation of certain instruments trading on exempt commercial markets (ECMs) such as the ICE trading platform. The law requires ICE participants to report large trader positions to the CFTC on a daily basis for contracts that have been determined by the CFTC to be Significant Price Discovery Contracts (SPDCs). SPDCs are OTC contracts that i) trade with material volume and ii) settle on the price of a Designated Contract Market's contract, or iii) serve as an independent pricing benchmark for the underlying cash market. In addition, ICE will be required to institute position limits and position accountability levels for significant price discovery contracts.

The CFTC has recently published in the Federal Register that it is undertaking a review to determine whether the following power and gas contracts are significant price discovery contracts:

- Mid-C Financial Peak (``MDC")
- Mid-C Financial Peak Daily (``MPD")
- Mid-C Financial Off-Peak (``OMC")
- Mid-C Financial Off-Peak Daily (``MXO")
- SP-15 Financial Day-Ahead LMP 1 Peak (``SPM")
- SP-15 Financial Day-Ahead LMP Peak Daily (``SDP")
- SP-15 Financial Day-Ahead LMP Off-Peak Daily (``SQP")
- SP-15 Financial Swap Real Time LMP--Peak Daily (``SRP")
- SP-15 Financial Day-Ahead LMP Off-Peak (``OFP")
- NP-15 Financial Day-Ahead LMP Peak Daily (``DPN")
- NP-15 Financial Day-Ahead LMP Off-Peak Daily (``UNP")
- PJM WH Real Time Peak Daily ("PDP")
- PJM WH Real Time Peak ("PJM")
- PJM WH Real Time Off-Peak ("OPJ")
- PJM WH Day-Ahead Peak Daily ("PDA")
- PJM WH Real Time Off-Peak Daily ("ODP")
- Alberta, Nova Inventory Transfer (AECO) (Basis Swap) NG Fin BS, LD1 for CGPR ("AEC")
- Pacific Gas Transmission - Malin (Basis Swap) ("MLN")
- Northwest Pipeline Corp. - Rocky Mountains (Basis Swap) ("NWR")
- PG&E - Citygate (Basis Swap) ("PGE")
- El Paso - Permian Basin (Basis Swap) ("PER")
- El Paso - San Juan Basin, Blanco Pool (Primary only) (Basis

Swap) ("SNJ")

- Socal (Basis Swap) ("SCL")
- Waha Hub - West Texas (Basis Swap) ("WAH")
- Houston Ship Channel (Basis Swap) ("HXS")
- Henry Hub - Tailgate, Louisiana (Basis Swap) ("HEN")
- Chicago Citygate (Basis Swap) ("DGD")
- Natural Gas Pipeline Co. of America, TexOk (Basis Swap) ("NTO")
- Panhandle Eastern Pipe Line Co. - Pool Gas (Basis Swap) ("PAN")
- Dominion - South Point (Basis Swap) ("DOM")
- Transcontinental Gas Pipeline Corp. - Zone 6 (NY) (Basis Swap) ("TZS")
- Tetco M3 (Basis Swap) ("TMT")
- TCO (Basis Swap) ("TCO")
- Henry Financial Swing ("HHD")
- Henry Financial Index ("HIS")
- Fuel Oil-180 Singapore Swap ("SZS")

Large Trader Reporting

If adopted, the proposed rulemaking will require large traders (which typically represent 70-90 percent of the market) to file reports on open positions in SPDC contracts. Large trader reports are generated by clearing firms and sent both to the CFTC and the Exchange. In preparation for the new regulations, ICE will begin collecting large trader reports on the aforementioned contracts. The new regulations will require clearing firms to report directly to the CFTC. For more information on large trader reports, please see the CFTC's website at http://www.cftc.gov/industryoversight/marketsurveillance/ltrp.html

In order to comply with the proposed new rules, ICE will require traders to submit large trader reports to ICE **by October 30, 2009.** We will use the same procedures as the large trader reporting for the Henry Hub OTC contract. The reporting threshold for all of the aforementioned contracts will be 25-lots until such time the Exchange determines otherwise. Once an account has been deemed reportable Reporting Firms will be required to complete and return to ICE a CFTC Form 102 for each reportable account.

Member feedback and queries

Members should address general queries about the new regulations to Edward Dasso, Manager Market Surveillance or Trabue Bland, Director of Regulatory Affairs.

Further Information can be found at

https://www.theice.com/markets_otc.jhtml