



ICE Swap Trade, LLC
55 East 52nd Street
New York, NY 10055

August 13, 2015

Submitted via the CFTC Portal
Secretary of the Commission
Office of the Secretariat
U.S. Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Submission 15-13

Re: ICE Swap Trade, LLC – Rule Amendment – Amended Rulebook and Error Trade Policy

Ladies and Gentlemen:

Pursuant to Section 5c(c) of the Commodity Exchange Act (the “Act”) and Section 40.6(a) of the regulations of the Commodity Futures Trading Commission (the “Commission”), ICE Swap Trade, LLC (“IST” or the “SEF”) hereby notifies the Commission that it has amended its Rulebook and Error Trade Policy. The amendments contained herein have been made in order to (i) affect certain administrative/clerical revisions, (ii) clarify the process by which IST intends to implement and enforce certain of its rules, and (iii) respond to relevant CFTC guidance/comments. The Rulebook and Error Trade Policy will become effective on August 28, 2015 (based upon an acknowledged filing date of August 14, 2015).

A concise explanation of the amendments to the Rulebook is attached hereto as Exhibit A. A copy of the revised Rules marked to show changes against the Rulebook submitted to the Commission with an effective date of August 3, 2015, is attached hereto as Exhibit B, and a clean copy of the revised Rules is attached hereto as Exhibit C. A marked and clean copy of the Error Trade Policy has been attached hereto as Exhibit D and Exhibit E, respectively.

Pursuant to Rule 501 of the IST SEF Rulebook, “Business Days and Trading Hours”, the SEF shall also notify Participants of the Trading Hours and any changes thereto by circular. A copy of the “SEF Notice” informing Participants of the amended Trading Hours for Credit Contracts and Commodity Contracts is attached as Exhibit F. This SEF Notice will be issued to Participants on August 13, 2015.

IST certifies that the amendments comply with the requirements of the Commodity Exchange Act and the rules and regulations promulgated thereunder. IST is not aware of any substantive opposing views expressed with respect to this filing and certifies that, concurrent with this filing, a copy of this submission was posted on the IST’s website and may be accessed at: <https://www.theice.com/swap-trade/regulation#rule-filings>.

Please contact the undersigned at (212) 323-8512 with any questions regarding this matter.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Catherine O'Connor".

Catherine O’Connor
Chief Compliance Officer

Enclosures

Summary of Rulebook Changes

Amendment	Explanation
<p>Chapter 2 - Ownership and Governance</p> <p>Rule 208</p>	<p>Revised for clarity pursuant to guidance received from the Commission.</p>
<p>Chapter 5 - Trading Practices and Business Conduct</p> <p>Rule 512</p>	<p>Revised pursuant to guidance received from the Commission to clarify that the second party seeking to execute a Transaction pursuant to Rule 524 must wait until the Minimum Period has expired before entering its Order in the Order Book.</p>
<p>Chapter 12 - Credit Contracts Terms and Conditions</p> <p>Rules 1210</p>	<p>Revised the trading hours for all Credit Contracts by moving the daily close time to 5:30 PM New York time.</p>
<p>Chapter 13 - Commodity Contracts Terms and Conditions</p> <p>Rule 1303</p>	<p>Revised the window reserved for Trading System maintenance for Commodity Contracts to 6:05 PM ET through 7:00 PM ET each weekday, and Friday 6:05 PM ET through Sunday 5:00 PM ET. The revised system maintenance window for Commodity Contracts will become effective on September 21, 2015.</p>

Rule 208. Emergency Actions.

- (a) Upon the occurrence of an event that may lead to the determination of an Emergency, pursuant to the procedures described in these Rules, the SEF's Chief Compliance Officer should be contacted initially by telephone at (770) 738-2101 with a follow-up communication via Email at iceswapcompliance@theice.com. Following such notification, and if in the opinion of the Chief Compliance Officer, or such other Officer so authorized, an event has in fact occurred that may require the Board to take Emergency Action, the Board shall be notified.
- (b) During an Emergency, the Board may take temporary emergency action and/or implement temporary emergency procedures and rules, to include any such action, procedures or rules described in Rule 208(d) ("**Emergency Action**").
- (c) Besides the Board, Emergency Action may be taken by the following:
 - i. By the President in the case of an Emergency where it is impracticable, in the opinion of the President, to call a meeting of the Board to deal with the Emergency;
 - ii. If the President is unavailable to take Emergency Action, either due to incapacity or unavailability, and it is otherwise impracticable, in the opinion of the Chief Compliance Officer or the General Counsel, to call a meeting of the Board to deal with the Emergency, then the Chief Compliance Officer may take such Emergency Action or in the absence of the Chief Compliance Officer, then the General Counsel may take such Emergency Action.
 - iii. In the event that Emergency Action must be implemented with respect to an Emergency before a meeting of the Board can reasonably be convened, then the President or such other Officer that instituted the Emergency Action in the President's absence, shall promptly notify the Board of the Emergency Action, and the President shall convene a Board meeting, including by teleconference, and the Board shall take the necessary action as soon as practicable thereafter to ratify, modify or rescind such Emergency Action.
- (d) In the event of an Emergency, the SEF, subject to Applicable Law and in consultation with the CFTC, is authorized to take such actions as necessary or appropriate to respond to the Emergency, including, but not limited to, the following:
 - i. imposing or modifying position limits;
 - ii. imposing or modifying Price limits;
 - iii. imposing or modifying intraday market restrictions;
 - iv. extending or shortening the expiration date or the Trading Hours;

- v. suspending or curtailing trading in any Contract;
 - vi. limiting access to the Trading System by any Market Participant, Clearing Member, ISV or other Person;
 - vii. taking such other actions as may be directed by the CFTC or other regulatory authority;
 - viii. imposing special margin requirements;
 - ix. ordering the liquidation or transfer of open positions in any Contract;
 - x. ordering the fixing of a settlement Price;
 - xi. transferring Contracts and the margin associated therewith;
 - xii. altering any Contract's settlement terms or conditions; or
 - xiii. if applicable, providing for the carrying out of such actions through its agreements with a Clearing House or provider of regulatory services.
- (e) The SEF will document the decision-making process and the reasons for taking any Emergency Action. The SEF, through its President, Chief Compliance Officer or General Counsel, will timely notify the CFTC in writing pursuant to the requirements of Part 40 of the CFTC's regulations, of any Emergency Action, explaining the decision-making process, the reasons for taking such action, and how conflicts of interest were minimized, including the extent to which the SEF considered the effect of its Emergency Action on the underlying markets and on markets that are linked or referenced to the Contracts traded on the SEF, including similar markets on other trading venues. Such documentation will be maintained in accordance with Applicable CFTC Regulations.
- (f) Whenever the Board, the President or any other Officer so authorized to take Emergency Action necessary or appropriate to respond to an Emergency (including the actions set forth in paragraph (d) above), the SEF, through its President, Chief Compliance Officer or General Counsel will post a notice in the manner provided in Rule 311 regarding such Emergency, as soon as practicable. When the Board, the President or any other Officer so authorized to take Emergency Action on behalf of the Board in the event of an Emergency determines that the Emergency is no longer in effect and the SEF is capable of resuming normal functioning, then any such Emergency Actions that were taken by the SEF in responding to an Emergency will be terminated. Following the termination of the Emergency Action, the President shall convene a Board meeting, including by teleconference, and the Board shall take the necessary action as soon as practicable thereafter to ratify, modify or rescind such Emergency Action.
- (g) The SEF will use reasonable efforts to notify the CFTC prior to implementing, modifying or terminating an Emergency Rule. If such prior notification is not possible or

practicable, the SEF will notify the CFTC as soon as possible or reasonably practicable, but in all circumstances within twenty-four (24) hours of the implementation, modification or termination of such Emergency Rule. Further, if any governmental body or regulator other than the CFTC takes any action that is or purports to be an Emergency, or the SEF receives notice or direction from any governmental body or regulator other than the CFTC in connection with an Emergency, the SEF shall seek to coordinate its response with the CFTC.

Rule 512. Cross Trades; Simultaneous Buy And Sell Orders.

- (a) Any Participant, Customer or Broker that seeks to execute a Required Transaction in the Order Book following pre-arrangement or pre-negotiation (in the manner specified in Rule 524) of such Orders may knowingly do so only if one Order is first exposed to the Order Book for the Minimum Period (as defined below). With respect to such pre-arranged/negotiated Orders, one party is required to enter its Order into the Order Book first and following the expiration of the Minimum Period the second party may then enter its Order into the Order Book.

The “**Minimum Period**” shall be 15 seconds for all Contracts.

- (b) For the avoidance of doubt, 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 Rule 524.

Rule 1210. Trading Hours

Trading hours for all Credit Contracts ~~and options on credit Contracts~~ is Monday through Friday from 7:00 AM London time to ~~5:30~~^{5:28} PM New York time. Trading hours on the last trading day of any ~~€~~Credit Contracts ~~and options on Credit Contracts~~ end at 4:30 PM London time for iTraxx Credit Contracts and 4:30 PM New York time for CDX Credit Contracts.

Rule 1303. Trading Hours.

Trading in Commodity Contracts is available at all times except during system maintenance. Maintenance windows are reserved each weekday from 6:~~05~~³⁰ PM ET ~~through~~ 7:~~00~~³⁰ PM ET and Friday 6:~~30~~⁰⁵ PM ET through Sunday 5:00 PM ET.

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- (a) Upon the occurrence of an event that may lead to the determination of an Emergency, pursuant to the procedures described in these Rules, the SEF's Chief Compliance Officer should be contacted initially by telephone at (770) 738-2101 with a follow-up communication via Email at iceswapcompliance@theice.com. Following such notification, and if in the opinion of the Chief Compliance Officer, or such other Officer so authorized, an event has in fact occurred that may require the Board to take Emergency Action, the Board shall be notified.
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 - vi. limiting access to the Trading System by any Market Participant, Clearing Member, ISV or other Person;
 - vii. taking such other actions as may be directed by the CFTC or other regulatory authority;
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 - xiii. if applicable, providing for the carrying out of such actions through its agreements with a Clearing House or provider of regulatory services.
- (e) The SEF will document the decision-making process and the reasons for taking any Emergency Action. The SEF, through its President, Chief Compliance Officer or General Counsel, will timely notify the CFTC in writing pursuant to the requirements of Part 40 of the CFTC's regulations, of any Emergency Action, explaining the decision-making process, the reasons for taking such action, and how conflicts of interest were minimized, including the extent to which the SEF considered the effect of its Emergency Action on the underlying markets and on markets that are linked or referenced to the Contracts traded on the SEF, including similar markets on other trading venues. Such documentation will be maintained in accordance with Applicable CFTC Regulations.
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The “**Minimum Period**” shall be 15 seconds for all Contracts.

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Rule 1303. Trading Hours.

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ICE Swap Trade, LLC
Error Trade Policy
Version 1.412

1. Definitions

Unless otherwise stated below, all capitalized terms shall have the meaning ascribed to such term in the ICE Swap Trade, LLC (“IST” or “SEF”) Rulebook (the “Rules”), as can be found on the IST [website](#).

2. Regulatory Considerations

The SEF considers appropriate systems and controls to be important in reducing the likelihood of Orders being entered in error, preventing the execution of Transactions at unrepresentative Prices and reducing the market impact of such Transactions. In order to achieve the stated goal, it is necessary that appropriate system safeguards and controls be present and maintained by the SEF and its Participants and Customers.

These include:

A. The SEF facilities provide:

- i. Price reasonability limits, set by the SEF, which prevent the execution of Transactions outside of these stated reasonability limits;
- iii. optional pre-confirmation messages, which appear prior to the execution of all Orders; and
- iv. an option to designate the quantity that a Participant or Customer (and their Authorized Traders) may wish to expose to the market at one time, rather than trading the total quantity that is available to be traded at a specified Price.

B. The Rules, which provide the SEF with discretion to delete Orders, adjust Prices, cancel Transactions or suspend the market in the interest of maintaining a fair and orderly market, in conjunction with this policy.

C. Block, Brokered and Permitted Transactions submitted to the SEF for execution will not be subject to this Error Trade Policy. Rather, ~~to the extent that an error is alleged, the SEF shall consult with the counterparties to the alleged error Transaction, and in its sole discretion, determine whether the Transaction shall be cancelled or shall stand if upon the mutual agreement and request of the parties to the Transaction, these Transactions may be cancelled by the SEF, in its sole discretion.~~ Notwithstanding the foregoing, the SEF may cancel a Block, Brokered or Permitted Transaction in its sole discretion if such cancellation is



determined by IST to be necessary in maintaining a fair and orderly market (e.g. clearly erroneous error).

3. Main Components of Error Trade Policy

- A. Under normal market conditions, the SEF will only adjust Prices or cancel Transactions in such circumstances where a Transaction is executed at a Price that is not representative of the market value of the respective Transaction at the time such Transaction is executed on the SEF. Any Transactions where the only error is the quantity of Contracts traded, as opposed to the Price at which such Contracts were traded, will not be subject to cancellation under the Error Trade Policy. The SEF, in its sole discretion, will make the final determination as to whether the Price at which a Transaction was executed on the SEF will be adjusted, cancelled or such Transaction must stand. In determining whether a Transaction has taken place at an unrepresentative Price, the SEF, in its sole discretion, will consider a number of market related factors to include, but not limited to:
- the price movement in other expiration months of the same Contract;
 - the current market conditions, including levels of activity and volatility;
 - the time period between different quotes and between quoted and traded Prices;
 - information regarding Price movement in related Contracts, the release of economic data or other relevant news prior or during SEF Trading Hours;
 - obvious or manifest error;
 - whether there is any indication that the Transaction in question triggered stops or resulted in the execution of spread Transactions;
 - whether another Participant or Customer relied on the error Price;
 - any other factor, which the SEF may deem relevant.

Price adjustments are limited to error Transactions executed in such Contracts as determined by the SEF from time to time.

Notwithstanding any other provision of this Error Trade Policy, the SEF has the unilateral right to adjust a Price of or cancel any Transaction clearly executed in error where there has been no request from a Participant/Customer/Authorized Trader, in the interest of maintaining a fair and orderly market. The SEF aims to exercise this right promptly after the Transaction has been identified by the SEF. All decisions of the SEF are final.

- B. The SEF, when applicable, may set and vary Price reasonability limits (“**Reasonability Limits**”) within the Trading System for each Contract beyond which the SEF will not execute Orders. These Reasonability Limits are intended to take into account the prevailing market conditions at the



time a Transaction is executed on the SEF. The SEF incorporates Price Reasonability Limits to prevent ‘fat finger’ type errors that cap the amount the Price may change in one trading sequence from an anchor Price. These limits are set by the SEF and may be varied without notice according to prevailing market conditions. Beyond these limits, the SEF will not execute Orders unless the market moves to bring these Orders within the Reasonability Limits.

Limit Orders to sell at Prices below the lower Reasonability Limits and Limit Orders to buy at Prices above the upper Reasonability Limits will not be accepted by the SEF, unless such Orders are capable of being executed opposite previously resting Orders at more favorable Prices within the Reasonability Limits.

Any Transaction executed at a Price outside of the No Cancellation Range (as defined below), but within the price Reasonability Limits, if identified to the SEF within the designated time period, may be considered an error Transaction and will be treated in the manner provided for in this Error Trade Policy.

The Reasonability Limits applicable to each Contract will be listed in a table on the SEF’s website, which may be updated from time to time by the SEF.

- C. The SEF has defined a “no cancellation range” (the “**No Cancellation Range**”) for each Contract. Transactions executed within the No Cancellation Range will not, under prevailing market conditions, be cancelled or Price adjusted. A component of market integrity is the assurance that once a Transaction is deemed executed on the SEF, except in exceptional circumstances, such as an adverse consequence on the market, the Transaction will stand and not be subject to cancellation or Price adjustment.

The SEF determines parameters above or below a SEF-set anchor Price for each Contract within which a Transaction alleged as an error Transaction may not be cancelled or Price adjusted. Such parameters define the No Cancellation Range. The No Cancellation Range applicable to each Contract will be listed in a table on the SEF’s website, which may be updated from time to time by the SEF.

The anchor Price is set by the SEF and is based on the most liquid Contract maturity date, which is typically the “5 year” maturity date as commonly used in the market.

The determination as to when to shift the anchor Price based on the



liquidity of a Contract will be made by the SEF in its sole discretion. The anchor Price may be the settlement Price as determined by the relevant Clearing House at the end of the previous Business Day, the opening Price for a given Contract for a respective Business Day or the last Price at which such Transaction was executed. The anchor Price of other related Contracts is achieved by applying spread differentials against the anchor Price for the most liquid Contract.

Validation of the anchor Price and No Cancellation Range will automatically occur in an event that an error Transaction is alleged to ensure that the No Cancellation Range at the time of the alleged error Transaction was appropriately reflective of the current market price for the Contract at issue. The process for validating the anchor Price will be based on time of execution of the Transaction and the most recent bids and offers obtained from (i) the SEF, and (ii) reliable industry pricing sources, including but not limited to, a Swaps Data Repository. If an anchor Price cannot be calculated due to illiquidity of the respective Contract, the SEF will determine a fair and accurate anchor Price based on a combination of relevant market factors, to include market feedback and reliable industry pricing sources.

If the SEF determines that the anchor Price is not representative of the current market Price, or was not representative of the market Price at the time that a Transaction error was alleged, then the SEF reserves the right at its sole discretion to update the relevant anchor Price or Prices.

If a Transaction takes place within the No Cancellation Range and is alleged as an error, the Transaction will not be cancelled or Price adjusted.

- D. When applicable, Transactions executed within the Reasonability Limits, but outside of the defined No Cancellation Range, may be reported to or considered by the SEF as an error Transaction.
- E. Participants/Customers have eight (8) minutes from the time of execution of the original Transaction in which to allege a Transaction as having been executed in error.
- F. The SEF will notify the market immediately that an error has been alleged, giving details of the Transaction, including Contract month, Price and quantity. The SEF will then notify the affected Participants/Customers whether the Price is adjusted or the Transaction is cancelled or stands.



- G. If the SEF determines that a Price at which a Transaction was executed is outside the No Cancellation Range for a given Contract, the Price for such Transaction may be adjusted to a Price that equals the fair market value Price for that Contract at the time the Transaction under review was executed, plus or minus the No Cancellation Range. If the SEF determines to adjust the Price of a Transaction, the adjusted Price shall be applied to the Transaction despite potentially being outside of the original Order terms. The SEF, at its discretion, may allow the Transaction to stand or cancel the Transaction rather than adjusting the Price. All decisions of the SEF are final.
- H. If the SEF determines that the premium of an option Transaction is not representative of the market value for that option as determined by the SEF at the time of execution, then the premium of such option Transaction may be adjusted to the value of the option at the time the Transaction under review was executed, plus or minus the No Cancellation Range. The SEF, at its discretion, may allow the Transaction to stand or cancel the premium rather than adjusting the premium, and may consider timely input from the parties to an alleged error Transaction in making such determination. All decisions of the SEF are final.
- I. If the SEF determines that the Price differential of a spread Transaction is not representative of the market value for that spread Transaction at the time of execution, then the Price differential of such spread Transaction may be adjusted to the Price differential for that spread Transaction at the time the Transaction under review was executed, plus or minus the applicable No Cancellation Ranges for that Contract. The SEF, at its discretion, may allow the Transactions to stand or cancel the Transactions rather than adjusting the Price differential. All decisions of the SEF are final.
- J. Where either the SEF determines or a Participant/Customer demonstrates that it entered into a consequential Transaction based on the Price of a Transaction that was determined by the SEF to be an error Transaction and such consequential Transactions was executed either (i) simultaneously with the alleged error Transaction, or (ii) before the SEF has notified the market of the alleged error Transaction, the SEF will apply the outcome/determination that it applied to the original error Transaction to such consequential Transaction, to the extent that such consequential Transaction was also executed on the SEF.
- K. Where consequential Transactions based on the Price of the alleged error Transaction are executed after the SEF has notified the market of the alleged error Transaction, and where the SEF subsequently determines that the Price of the alleged error Transaction is to be adjusted or cancelled, such



consequential Transactions may have their Prices adjusted, may be allowed to stand or may be cancelled at the discretion of the SEF. All decisions of the SEF are final. One of the factors the SEF may take into consideration, is whether the alleged error Transaction triggered contingent Orders or resulted in the execution of spread Transactions.

When resolving a situation involving consequential Transactions, the SEF will consider these on a case-by-case basis, evaluating each situation on its individual circumstances and merits. When considering its approach, the SEF will consider those consequential Transactions directly related to the error Transaction and consider reasonably any Transactions (specifically spread Transactions) which have been derived from the error itself and those executed as a result of it.

- L. The SEF will make every attempt to ensure that a decision on whether an alleged error Transaction will have its Price adjusted, will stand or be cancelled, will be communicated to the market as soon as reasonably possible after the time that the original Transaction was executed.
- M. The SEF has the unilateral right to cancel any Order, adjust the Price of a Transaction and cancel any Transaction, which it considers to be at an unrepresentative Price or market disrupting where there has been no referral or request from a Participant or other Person. The SEF reserves its right to consider each alleged error Transaction situation on its individual merits and will therefore apply the Error Trade Policy in light of the circumstances of each individual case. All decisions of the SEF are final.
- N. Cancelled Transactions and Prices that have been adjusted will be cancelled in the SEF's official record of time and sales. Transactions that are Priced adjusted will be inserted in the official record of time and sales at the adjusted Transaction Price.

4. SEF Contacts

All requests to cancel Orders or Transactions must be directed to ICEswapsupervision@theice.com. Any such request for the removal of Orders will be acted upon on a best efforts basis by the relevant SEF personnel.



ICE Swap Trade, LLC No Cancellation Ranges and Reasonability Limits

The Error Trade Policy includes No Cancellation Range (“NCR”) and Reasonability Limit (“RL”) levels for all Contracts listed by the SEF. NCR and RL levels are subject to revision by IST without prior notification. The SEF will apply the ranges around the current anchor price as more fully described in the SEF’s Error Trade Policy. In the tables below, the values represent the range around the anchor price.

For example purposes only, if a Contract is quoted in basis points, and the current anchor price is 100 basis points, then the NCR would be 0.7% around the anchor price of 100 bps (or 0.7 basis points). The absolute levels of the NCR would be 99.65 basis points to 100.35 basis points.

NOTE: The SEF’s Market Supervision staff has the authority to expand the NCR and RL levels on any Contract to two (2) times the levels shown below in volatile market conditions without prior notice.

No Cancellation Ranges

All Products quoted in basis points								
> 0 bps	>5 bps	> 10 bps	> 25 bps	> 50 bps <=100 bps	> 100 bps <=150 bps	> 150 bps <=200bps	> 200bps <=499bps	>500 bps
<= 5 bps	<= 10 bps	<=25 bps	<=50 bps					
1.40%	1.36%	1.30%	1.00%	0.70%	0.60%	0.56%	0.50%	0.50%

All Products quoted in price								
> 0	>5	> 10	> 25	> 50	> 100	> 150	> 200	>500
<= 5	<= 10	<=25	<=50	<=100	<=150	<=200	<=499	
0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%



ICE Swap Trade Reasonability Limits

All Products quoted in basis points								
> 0 bps	>5 bps	> 10 bps	> 25 bps	> 50 bps	> 100 bps	> 150 bps	> 200 bps	>500 bps
<= 5 bps	<= 10 bps	<=25 bps	<=50 bps	<=100 bps	<=150 bps	<=200 bps	<=499 bps	
4%	4%	4%	4%	4%	4%	4%	4%	4%

All Products quoted in price								
> 0	>5	> 10	> 25	> 50	> 100	> 150	> 200	>500
<= 5	<= 10	<=25	<=50	<=100	<=150	<=200	<=499	
1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%



**ICE Swap Trade, LLC
Error Trade Policy
Version 1.12**

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The SEF considers appropriate systems and controls to be important in reducing the likelihood of Orders being entered in error, preventing the execution of Transactions at unrepresentative Prices and reducing the market impact of such Transactions. In order to achieve the stated goal, it is necessary that appropriate system safeguards and controls be present and maintained by the SEF and its Participants and Customers.

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A. The SEF facilities provide:

- i. Price reasonability limits, set by the SEF, which prevent the execution of Transactions outside of these stated reasonability limits;
- iii. optional pre-confirmation messages, which appear prior to the execution of all Orders; and
- iv. an option to designate the quantity that a Participant or Customer (and their Authorized Traders) may wish to expose to the market at one time, rather than trading the total quantity that is available to be traded at a specified Price.

B. The Rules, which provide the SEF with discretion to delete Orders, adjust Prices, cancel Transactions or suspend the market in the interest of maintaining a fair and orderly market, in conjunction with this policy.

C. Block, Brokered and Permitted Transactions submitted to the SEF for execution will not be subject to this Error Trade Policy. Rather, if upon the mutual agreement and request of the parties to the Transaction, these Transactions may be cancelled by the SEF, in its sole discretion. Notwithstanding the foregoing, the SEF may cancel a Block, Brokered or Permitted Transaction in its sole discretion if such cancellation is determined by IST to be necessary in maintaining a fair and orderly market (e.g. clearly erroneous error).



3. Main Components of Error Trade Policy

A. Under normal market conditions, the SEF will only adjust Prices or cancel Transactions in such circumstances where a Transaction is executed at a Price that is not representative of the market value of the respective Transaction at the time such Transaction is executed on the SEF. Any Transactions where the only error is the quantity of Contracts traded, as opposed to the Price at which such Contracts were traded, will not be subject to cancellation under the Error Trade Policy. The SEF, in its sole discretion, will make the final determination as to whether the Price at which a Transaction was executed on the SEF will be adjusted, cancelled or such Transaction must stand. In determining whether a Transaction has taken place at an unrepresentative Price, the SEF, in its sole discretion, will consider a number of market related factors to include, but not limited to:

- the price movement in other expiration months of the same Contract;
- the current market conditions, including levels of activity and volatility;
- the time period between different quotes and between quoted and traded Prices;
- information regarding Price movement in related Contracts, the release of economic data or other relevant news prior or during SEF Trading Hours;
- obvious or manifest error;
- whether there is any indication that the Transaction in question triggered stops or resulted in the execution of spread Transactions;
- whether another Participant or Customer relied on the error Price;
- any other factor, which the SEF may deem relevant.

Price adjustments are limited to error Transactions executed in such Contracts as determined by the SEF from time to time.

Notwithstanding any other provision of this Error Trade Policy, the SEF has the unilateral right to adjust a Price of or cancel any Transaction clearly executed in error where there has been no request from a Participant/Customer/Authorized Trader, in the interest of maintaining a fair and orderly market. The SEF aims to exercise this right promptly after the Transaction has been identified by the SEF. All decisions of the SEF are final.

B. The SEF, when applicable, may set and vary Price reasonability limits (“**Reasonability Limits**”) within the Trading System for each Contract beyond which the SEF will not execute Orders. These Reasonability Limits are intended to take into account the prevailing market conditions at the time a Transaction is executed on the SEF. The SEF incorporates Price Reasonability Limits to prevent ‘fat finger’ type errors that cap the amount the Price may change in one trading sequence from an anchor Price. These



limits are set by the SEF and may be varied without notice according to prevailing market conditions. Beyond these limits, the SEF will not execute Orders unless the market moves to bring these Orders within the Reasonability Limits.

Limit Orders to sell at Prices below the lower Reasonability Limits and Limit Orders to buy at Prices above the upper Reasonability Limits will not be accepted by the SEF, unless such Orders are capable of being executed opposite previously resting Orders at more favorable Prices within the Reasonability Limits.

Any Transaction executed at a Price outside of the No Cancellation Range (as defined below), but within the price Reasonability Limits, if identified to the SEF within the designated time period, may be considered an error Transaction and will be treated in the manner provided for in this Error Trade Policy.

The Reasonability Limits applicable to each Contract will be listed in a table on the SEF's website, which may be updated from time to time by the SEF.

- C. The SEF has defined a "no cancellation range" (the "**No Cancellation Range**") for each Contract. Transactions executed within the No Cancellation Range will not, under prevailing market conditions, be cancelled or Price adjusted. A component of market integrity is the assurance that once a Transaction is deemed executed on the SEF, except in exceptional circumstances, such as an adverse consequence on the market, the Transaction will stand and not be subject to cancellation or Price adjustment.

The SEF determines parameters above or below a SEF-set anchor Price for each Contract within which a Transaction alleged as an error Transaction may not be cancelled or Price adjusted. Such parameters define the No Cancellation Range. The No Cancellation Range applicable to each Contract will be listed in a table on the SEF's website, which may be updated from time to time by the SEF.

The anchor Price is set by the SEF and is based on the most liquid Contract maturity date, which is typically the "5 year" maturity date as commonly used in the market.

The determination as to when to shift the anchor Price based on the liquidity of a Contract will be made by the SEF in its sole discretion. The anchor Price may be the settlement Price as determined by the relevant Clearing House at the end of the previous Business Day, the opening Price



for a given Contract for a respective Business Day or the last Price at which such Transaction was executed. The anchor Price of other related Contracts is achieved by applying spread differentials against the anchor Price for the most liquid Contract.

Validation of the anchor Price and No Cancellation Range will automatically occur in an event that an error Transaction is alleged to ensure that the No Cancellation Range at the time of the alleged error Transaction was appropriately reflective of the current market price for the Contract at issue. The process for validating the anchor Price will be based on time of execution of the Transaction and the most recent bids and offers obtained from (i) the SEF, and (ii) reliable industry pricing sources, including but not limited to, a Swaps Data Repository. If an anchor Price cannot be calculated due to illiquidity of the respective Contract, the SEF will determine a fair and accurate anchor Price based on a combination of relevant market factors, to include market feedback and reliable industry pricing sources.

If the SEF determines that the anchor Price is not representative of the current market Price, or was not representative of the market Price at the time that a Transaction error was alleged, then the SEF reserves the right at its sole discretion to update the relevant anchor Price or Prices.

If a Transaction takes place within the No Cancellation Range and is alleged as an error, the Transaction will not be cancelled or Price adjusted.

- D. When applicable, Transactions executed within the Reasonability Limits, but outside of the defined No Cancellation Range, may be reported to or considered by the SEF as an error Transaction.
- E. Participants/Customers have eight (8) minutes from the time of execution of the original Transaction in which to allege a Transaction as having been executed in error.
- F. The SEF will notify the market immediately that an error has been alleged, giving details of the Transaction, including Contract month, Price and quantity. The SEF will then notify the affected Participants/Customers whether the Price is adjusted or the Transaction is cancelled or stands.
- G. If the SEF determines that a Price at which a Transaction was executed is outside the No Cancellation Range for a given Contract, the Price for such Transaction may be adjusted to a Price that equals the fair market value



Price for that Contract at the time the Transaction under review was executed, plus or minus the No Cancellation Range. If the SEF determines to adjust the Price of a Transaction, the adjusted Price shall be applied to the Transaction despite potentially being outside of the original Order terms. The SEF, at its discretion, may allow the Transaction to stand or cancel the Transaction rather than adjusting the Price. All decisions of the SEF are final.

- H. If the SEF determines that the premium of an option Transaction is not representative of the market value for that option as determined by the SEF at the time of execution, then the premium of such option Transaction may be adjusted to the value of the option at the time the Transaction under review was executed, plus or minus the No Cancellation Range. The SEF, at its discretion, may allow the Transaction to stand or cancel the premium rather than adjusting the premium, and may consider timely input from the parties to an alleged error Transaction in making such determination. All decisions of the SEF are final.
- I. If the SEF determines that the Price differential of a spread Transaction is not representative of the market value for that spread Transaction at the time of execution, then the Price differential of such spread Transaction may be adjusted to the Price differential for that spread Transaction at the time the Transaction under review was executed, plus or minus the applicable No Cancellation Ranges for that Contract. The SEF, at its discretion, may allow the Transactions to stand or cancel the Transactions rather than adjusting the Price differential. All decisions of the SEF are final.
- J. Where either the SEF determines or a Participant/Customer demonstrates that it entered into a consequential Transaction based on the Price of a Transaction that was determined by the SEF to be an error Transaction and such consequential Transactions was executed either (i) simultaneously with the alleged error Transaction, or (ii) before the SEF has notified the market of the alleged error Transaction, the SEF will apply the outcome/determination that it applied to the original error Transaction to such consequential Transaction, to the extent that such consequential Transaction was also executed on the SEF.
- K. Where consequential Transactions based on the Price of the alleged error Transaction are executed after the SEF has notified the market of the alleged error Transaction, and where the SEF subsequently determines that the Price of the alleged error Transaction is to be adjusted or cancelled, such consequential Transactions may have their Prices adjusted, may be allowed to stand or may be cancelled at the discretion of the SEF. All decisions of the SEF are final. One of the factors the SEF may take into consideration, is



whether the alleged error Transaction triggered contingent Orders or resulted in the execution of spread Transactions.

When resolving a situation involving consequential Transactions, the SEF will consider these on a case-by-case basis, evaluating each situation on its individual circumstances and merits. When considering its approach, the SEF will consider those consequential Transactions directly related to the error Transaction and consider reasonably any Transactions (specifically spread Transactions) which have been derived from the error itself and those executed as a result of it.

- L. The SEF will make every attempt to ensure that a decision on whether an alleged error Transaction will have its Price adjusted, will stand or be cancelled, will be communicated to the market as soon as reasonably possible after the time that the original Transaction was executed.
- M. The SEF has the unilateral right to cancel any Order, adjust the Price of a Transaction and cancel any Transaction, which it considers to be at an unrepresentative Price or market disrupting where there has been no referral or request from a Participant or other Person. The SEF reserves its right to consider each alleged error Transaction situation on its individual merits and will therefore apply the Error Trade Policy in light of the circumstances of each individual case. All decisions of the SEF are final.
- N. Cancelled Transactions and Prices that have been adjusted will be cancelled in the SEF's official record of time and sales. Transactions that are Priced adjusted will be inserted in the official record of time and sales at the adjusted Transaction Price.

4. SEF Contacts

All requests to cancel Orders or Transactions must be directed to ICEswapsupervision@theice.com. Any such request for the removal of Orders will be acted upon on a best efforts basis by the relevant SEF personnel.



ICE Swap Trade, LLC No Cancellation Ranges and Reasonability Limits

The Error Trade Policy includes No Cancellation Range (“NCR”) and Reasonability Limit (“RL”) levels for all Contracts listed by the SEF. NCR and RL levels are subject to revision by IST without prior notification. The SEF will apply the ranges around the current anchor price as more fully described in the SEF’s Error Trade Policy. In the tables below, the values represent the range around the anchor price.

For example purposes only, if a Contract is quoted in basis points, and the current anchor price is 100 basis points, then the NCR would be 0.7% around the anchor price of 100 bps (or 0.7 basis points). The absolute levels of the NCR would be 99.65 basis points to 100.35 basis points.

NOTE: The SEF’s Market Supervision staff has the authority to expand the NCR and RL levels on any Contract to two (2) times the levels shown below in volatile market conditions without prior notice.

No Cancellation Ranges

All Products quoted in basis points								
> 0 bps	>5 bps	> 10 bps	> 25 bps	> 50 bps <=100 bps	> 100 bps <=150 bps	> 150 bps <=200bps	> 200bps <=499bps	>500 bps
<= 5 bps	<= 10 bps	<=25 bps	<=50 bps					
1.40%	1.36%	1.30%	1.00%	0.70%	0.60%	0.56%	0.50%	0.50%

All Products quoted in price								
> 0	>5	> 10	> 25	> 50	> 100	> 150	> 200	>500
<= 5	<= 10	<=25	<=50	<=100	<=150	<=200	<=499	
0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%



ICE Swap Trade Reasonability Limits

All Products quoted in basis points								
> 0 bps	>5 bps	> 10 bps	> 25 bps	> 50 bps	> 100 bps	> 150 bps	> 200 bps	>500 bps
<= 5 bps	<= 10 bps	<=25 bps	<=50 bps	<=100 bps	<=150 bps	<=200 bps	<=499 bps	
4%	4%	4%	4%	4%	4%	4%	4%	4%

All Products quoted in price								
> 0	>5	> 10	> 25	> 50	> 100	> 150	> 200	>500
<= 5	<= 10	<=25	<=50	<=100	<=150	<=200	<=499	
1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%



SEF NOTICE

NOTICE

August 13, 2015

Summary of Content:

Trading Hours For Credit and Commodity Contracts

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Revised Trading Hours For Credit and Commodity Contracts

Credit Contracts

Effective Friday, August 28, 2015, ICE Swap Trade is revising the trading hours for all Credit Contracts by moving the daily close time to 5:30 PM ET (New York time).

Trading hours on the last trading day of any Credit Contract (i.e. the day prior to a Credit Contract roll) will continue to be 4:30 PM GMT (London time) with respect to iTraxx Credit Contracts and 4:30 PM ET (New York time) with respect to CDX Credit Contracts.

Commodity Contracts

Effective Monday, September 21, 2015, ICE Swap Trade is revising the window reserved for Trading System maintenance for Commodity Contracts to 6:05 PM ET through 7:00 PM ET each weekday, and Friday 6:05 PM ET through Sunday 5:00 PM ET.

Additional Guidance

If you have any questions relating to this SEF Notice, please contact any of the individuals identified in this SEF Notice.