ICE Futures U.S. Adopts Disruptive Trading Practices Rule

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On December 29, 2014, ICE Futures U.S. (ICE) proposed a new rule to prohibit certain disruptive trading practices. The proposed rule broadly prohibits any manipulative or disruptive trading practice as defined by the Commodity Exchange Act and Commodity Futures Trading Commission Regulations. In addition, the ICE Rule specifically prohibits the following trading practices: (1) orders entered with the intent to cancel the order before execution or to modify the order to avoid execution; (2) orders entered with the intent to overload, delay or disrupt ICE's systems or the systems of other market participants; (3) orders entered with the intent to disrupt the orderly conduct of trading, the fair execution of transactions or mislead other market participants; and (4) orders entered with reckless disregard for the adverse impact of the order or message. ICE's proposed rule also prohibits market participants from knowingly entering orders for the purpose of creating an artificial market price and knowingly entering orders other than in good faith for the purpose of executing bona fide transactions. ICE supplemented the proposed rule with a frequently asked questions section on disruptive trading practices.

Pending regulatory review, the proposed rule will become effective January 14. The notice of rule change is available here. The frequently asked questions guidance is located here.

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