

About Intercontinental Exchange

[Intercontinental Exchange](#) (NYSE:ICE) is a Fortune 500 company that operates a leading network of [global futures](#), equity and equity options exchanges, as well as [global clearing](#) and [data services](#) across financial and commodity markets. The [New York Stock Exchange](#) is the world leader in capital raising, listings and equities trading.

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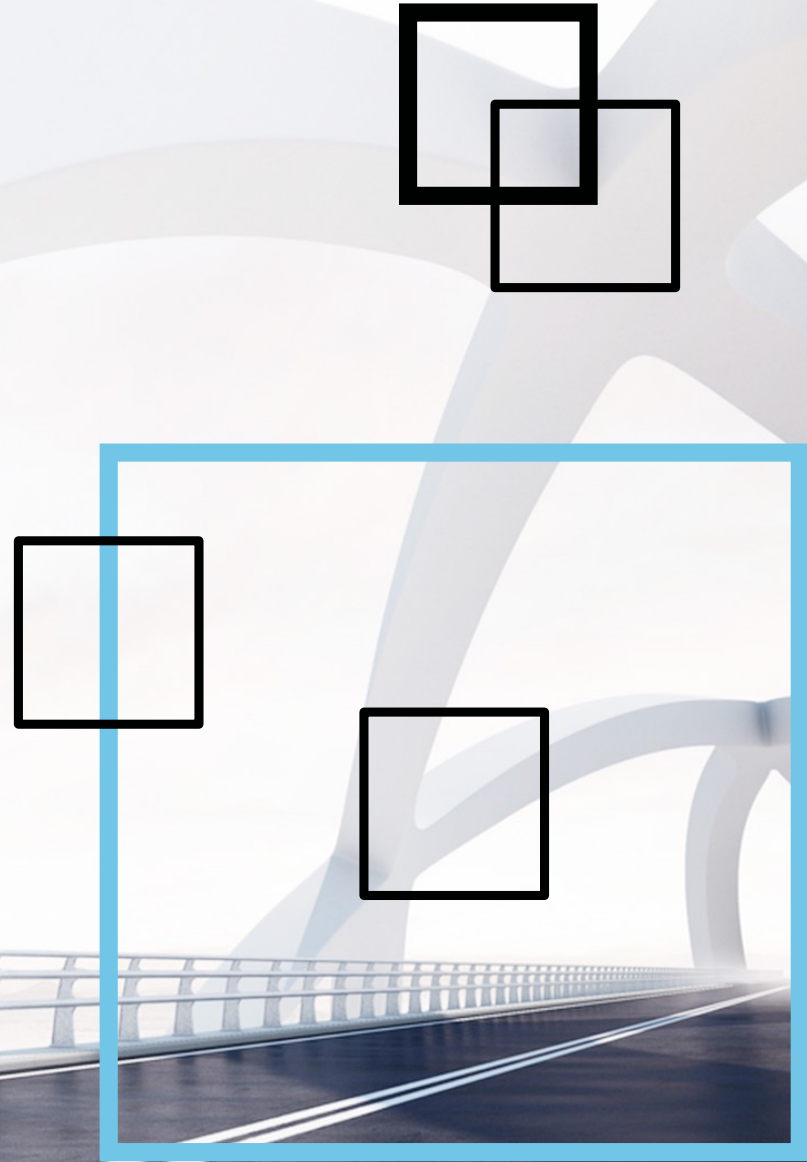
Key Information Documents for certain products covered by the EU Packaged Retail and Insurance-based Investment Products Regulation can be accessed on the relevant exchange website under the heading “Key Information Documents (KIDS)”.



ICE NGX

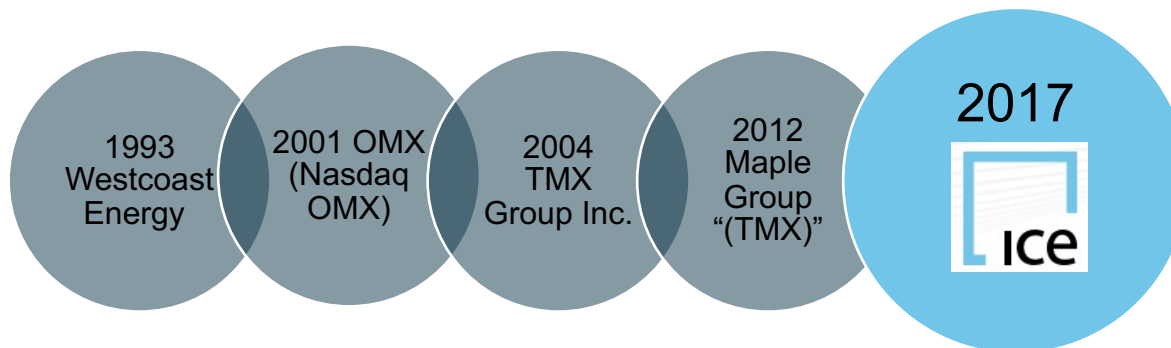


Clearinghouse Overview



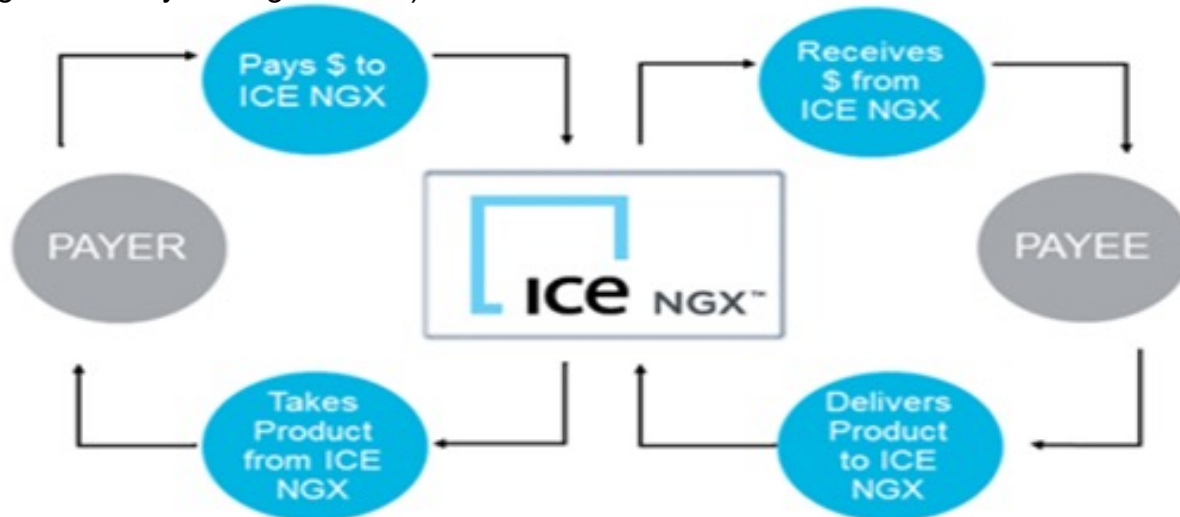
Introduction to ICE NGX

- Leading physical energy exchange and clearinghouse - Natural Gas and Power.
- Est. 1993 - Headquartered in Calgary, Alberta, office in Houston, Texas.
- Physical Delivery - End-to-end delivery with physical backstopping.
- Wholly owned indirect subsidiary of Intercontinental Exchange, Inc.
- All major ICE NGX markets available on ICE's global platform.

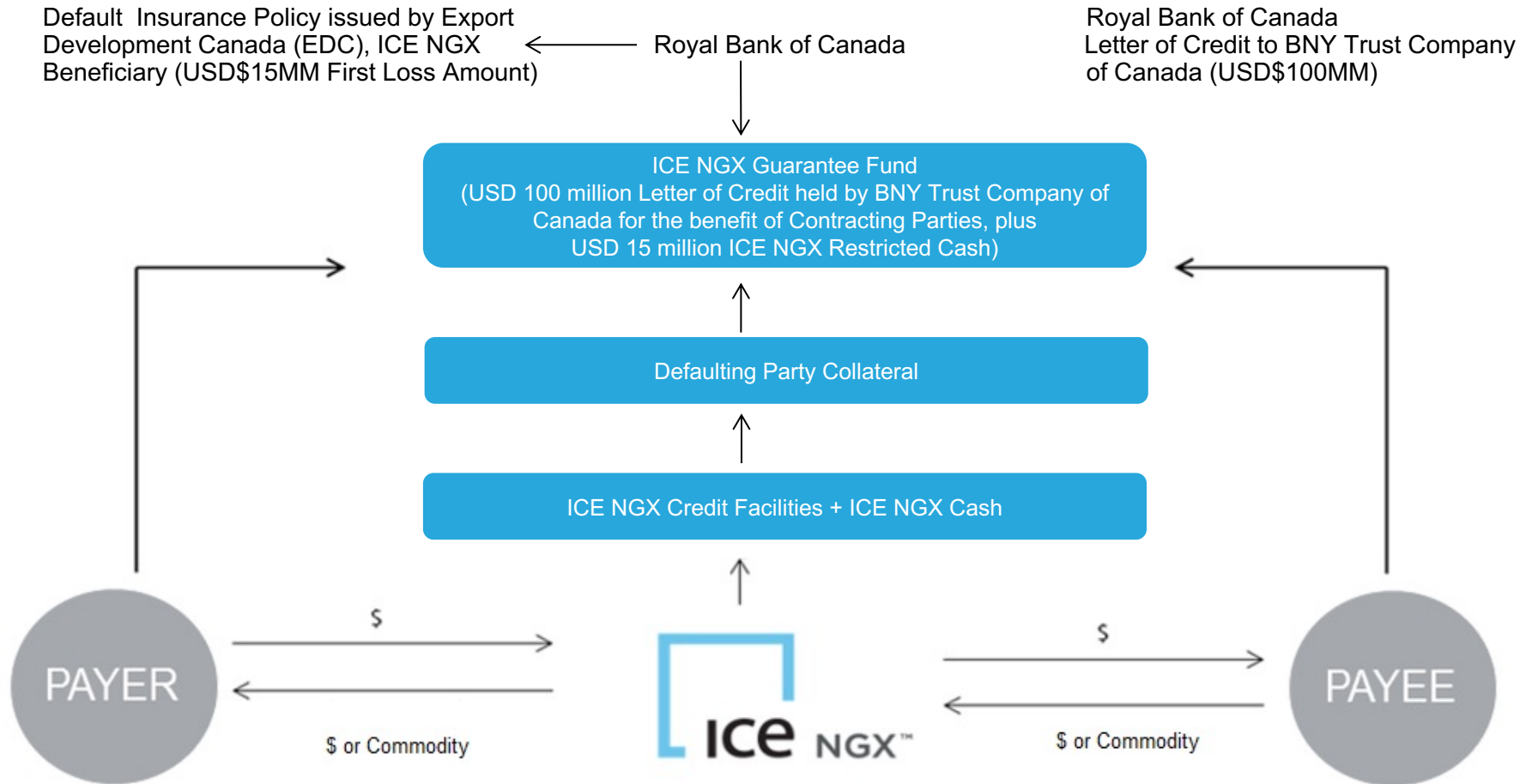


ICE NGX Direct Access Model

- Direct access exchange and clearinghouse for trading and clearing primarily physically-settled natural gas and power
- Non-intermediated clearing – each Contracting Party clears only on its own behalf and not for any other entity including an affiliate
- Non-mutualized model
 - ICE NGX self-funds the guarantee fund – no voluntary or required contributions to guarantee fund by participants
 - No powers of assessment against participants
 - Recourse of ICE NGX is to each Contracting Party only; Recourse of a Contracting Party is to ICE NGX only
- Clearing and settlement model reflects the physical energy market and the make-up of participants:
 - Gas producers, Power generators, Utilities
 - Speculators
 - Banks (including commodity trading affiliates)



Risk Management – ICE NGX Clearing Operations



Contracting Party (CP) Performance Obligations

Make/Take Delivery

- ICE NGX is exposed to the price at which an alternative supply/market can be found.
- Risk is managed with backstopping contracts, penalty mechanisms, collateral requirements and credit policy.

Make Payment

- ICE NGX is exposed to receivables risk on settlement dates.
- Risk is managed with penalty mechanisms, collateral requirements and credit policy.

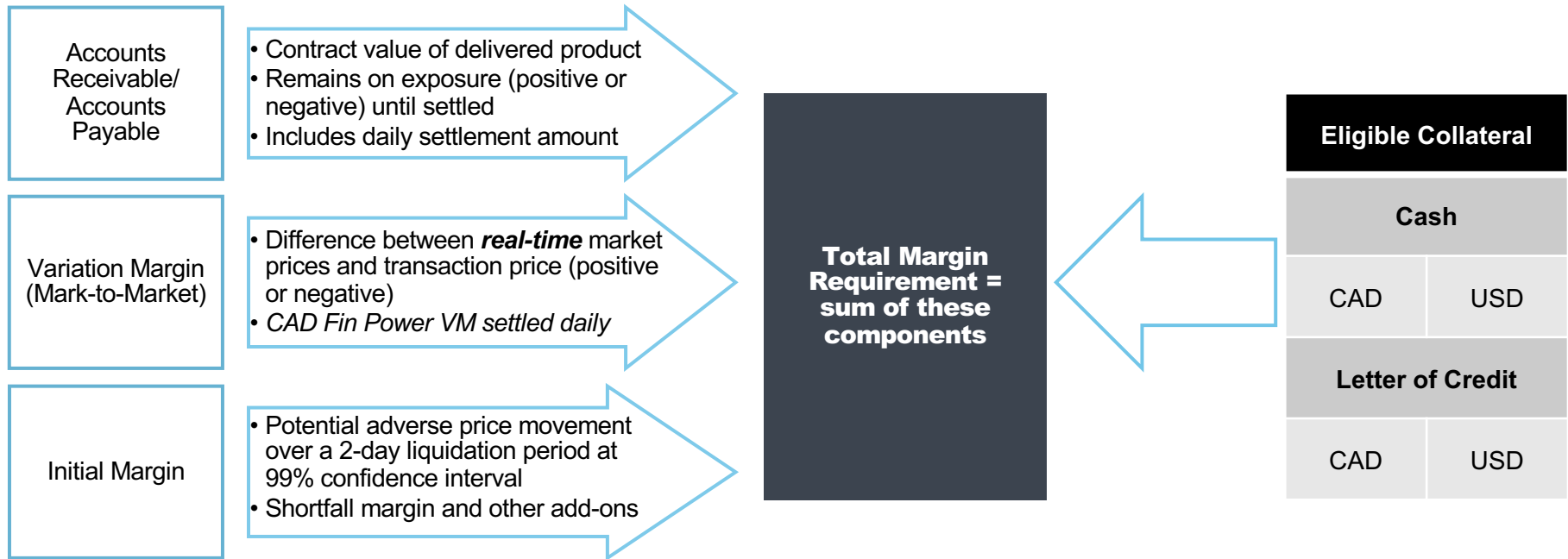
Provide Collateral

- ICE NGX is exposed to the risk that Contracting Parties will not provide sufficient collateral to manage their risks.
- Risk is managed with liquidation provisions.

Remain Solvent

- Risk is managed with margin triggers and liquidation provisions.

Margin Requirement & Eligible Collateral



CPA margin triggers

Collateral Utilization

- Unlike mutualized clearinghouses, margin collected prior to exposure.
- A margin call may be made when initial margin requirement reaches 80% of Net Equity on deposit.
- If initial margin requirement reaches 90% of Net Equity on deposit, trading permissions may be halted.
- If initial margin requirement reaches 95% of Net Equity on deposit, ICE NGX will be entitled to invoke the liquidation procedure.
- Additional collateral must be received next business day.

Minimum Available Margin

- If available margin is less than the minimum threshold, CP's permissions may be restricted until additional collateral is received.
- Minimum available margin thresholds are:
 - Gas - \$500K
 - Power - \$1MM

Risk Management

Risk Management

- ICE NGX Clearing Department monitors all positions on a real-time basis.
- Ability to halt trading on the ICE Clearing Admin platform as required.

Collateralized Model

- All CP positions must be collateralized.
- ICE NGX triggers a margin call when the CP's exposure reaches 80% or above of Net Equity.
- ICE NGX only accepts cash and Letters of Credit from approved banks.

Physical Delivery Backstops

- Risk of physical delivery managed with backstopping contracts and penalty mechanisms for failure to take/deliver product.
- Extensive operational expertise in Canada and U.S.

Governing Rules

- The standard-form ICE NGX Contracting Party Agreement functions as the rulebook for the exchange and clearinghouse, and is applied uniformly to all Contracting Parties.

Risk Management continued

Contracting Party Collateral

- Cash and Letters of Credit are Eligible Collateral.
- Cash Collateral is deposited in segregated bank accounts.

Contracting Party Reviews

- ICE NGX undertakes an annual financial review of every Contracting Party.
- All CPs must maintain minimum financial requirements of \$5MM in equity or \$25MM in assets.
- ICE NGX periodically reviews the risk management policies of every Contracting Party.

Stress Testing

- ICE NGX undertakes daily stress test to determine exposures under “extreme but plausible” market conditions.
- Regulatory requirement to maintain sufficient capital to manage single largest default under stress scenario as well as 12 months operating costs.

Backtesting

- Daily backtesting to ensure that initial margin rates are appropriate for actual market price movements.
- Backtesting independently reviewed on a quarterly basis.



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