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**Becoming a Contracting Party with ICE NGX**  
**Sign Up Guide**

## TABLE OF CONTENTS

<b>TABLE OF CONTENTS</b>	<b>2</b>
<b>1) SIGN UP PROCESS</b>	<b>3</b>
Initial Steps	3
Financial Statements	3
ICE NGX Application Form	3
Contracting Party's Agreement	3
ICE Participants Agreement	4
Contracting Party Administration Form	4
Provide Collateral	4
<b>2) ICE CLEARING ACCOUNT SETUP</b>	<b>5</b>
ICE Clearing Account Setup	5
Request a Clearing Account	5
Associate Traders to Clearing Account	5
Associate Portfolios with ICE NGX	6
<b>3) APPENDIX 1 – ICE NGX STANDARD LC FORMAT</b>	<b>7</b>
ICE NGX Standard LC Format	7
<b>FURTHER INFORMATION</b>	<b>9</b>
Contact Information	9

## 1) SIGN UP PROCESS

### Initial Steps

Thank you for your interest in clearing with ICE NGX. Below you will find a summary of requirements and action items to provide for the ability to transact with ICE NGX. Should you have any questions throughout the sign up process, please contact your ICE NGX Marketing or Clearing Representative.

In order to become a Contracting Party with ICE NGX, the following steps must be completed:

- 1) Submit the most recent financial statements
- 2) Complete the **ICE NGX Application form** (and be approved by ICE NGX membership committee)
- 3) Review and execute the **ICE NGX Contracting Party's Agreement** ("CPA")
- 4) Execute the **ICE Participants Agreement** ("PA")
- 5) Complete the **ICE NGX Contracting Party Administration Form** ("CPAF")
- 6) Arrange to **provide collateral** pursuant to the terms and conditions of Schedule C of the CPA

### Financial Statements

To qualify with ICE NGX, each trading entity must meet ICE NGX's minimum qualification requirement on an ongoing basis by having a net worth exceeding CAD \$5,000,000 or assets exceeding CAD \$25,000,000. To satisfy this requirement the most recent audited or unaudited year-end financial statements of the trading entity can be submitted to Operations-ICENGX-Clearing@TheIce.com

### ICE NGX Application Form

In addition to satisfying the minimum qualification requirement, each applicant must submit to ICE NGX a completed Application form. The Application form is a standardized questionnaire that requests a variety of information about a company, its affiliates (if applicable), and certain of its representatives. These questions include, but are not limited to a list of the officers, directors, and if applicable, principals of the applicant, past or current Contracting Party status, a list of the regulatory authorities which have authority with respect to the applicant, and past or current disciplinary action imposed on the applicant or certain of its representatives by regulatory authorities. Once the application form and required documents are received, ICE NGX will go through the membership review and approval process. ICE NGX will inform the applicant of the approval decision and all requirements.

### Contracting Party's Agreement

ICE NGX utilizes a standardized legal agreement with all the participating firms that transact through the Exchange. This agreement, called the ICE NGX Contracting Party's Agreement ("CPA"), outlines the terms and conditions for conducting business with ICE NGX. Both the trading and the clearing components of ICE NGX are governed by the provisions of the CPA. The agreement has been executed by companies that comprise a cross-section of the North

American energy industry, including producers, electricity generators, storage facility operators, industrial consumers, utilities, pipelines, aggregators, marketing firms, hedge funds and financial institutions.

A copy of the CPA and its execution pages can be obtained from your ICE NGX Marketing or Clearing Representative.

### **ICE Participants Agreement**

All products that are cleared by ICE NGX are traded on the ICE transaction platform and, as such, all Contracting Parties must also execute the ICE Participants Agreement (“PA”) prior to being enabled to clear with ICE NGX.

A copy of the PA and execution pages can be obtained from the ICE help desk at [icehelpdesk@theice.com](mailto:icehelpdesk@theice.com) or 770-738-2101.

### **Contracting Party Administration Form**

The Contracting Party Administration Form (“CPAF”) is to be completed in full by the designated Administrator as indicated on the CPA execution pages. This form provides ICE NGX with various contact information, pipeline information for desired trading locations, as well as other required information.

A copy of the CPAF can be obtained from your ICE NGX Marketing or Clearing Representative. Once the form is complete it can be submitted to [Operations-ICENGX-Clearing@TheIce.com](mailto:Operations-ICENGX-Clearing@TheIce.com).

### **Provide Collateral**

ICE NGX’s risk management policy requires that each Contracting Party post sufficient collateral to cover its margin requirement, calculated pursuant to the terms of the CPA. To begin clearing with ICE NGX, collateral deposits may take the form of a letter of credit (“LC”) or cash, and once trading begins then collateral may take the form of any combination of the acceptable forms of collateral and offsets. It is important to note that collateral is held to support a specific Contracting Party’s traded positions and can only be used to remedy a performance failure by the Contracting Party itself.

Collateral deposits with ICE NGX may take the form of:

- 1) An LC issued by a Bank that is acceptable to ICE NGX (a bank with a rating of A or higher and subject to ICE NGX’s discretion). Prior to issuing an LC, be sure that the issuing bank has been approved by ICE NGX. The LC must be issued using ICE NGX’s standard format, as shown in Appendix 1.
- 2) A cash amount held in a segregated account by ICE NGX’s settlement bank, Toronto Dominion Bank. Cash can be sent to ICE NGX using the wire instructions, as provided by the Clearing or Settlements team.

Cash collateral earns interest according to the rates posted on the ICE NGX website.

Once trading begins, collateral deposits may also take the form of:

- 3) A previous month account payable by ICE NGX to the Contracting Party, provided that such previous month account payable will only constitute collateral until the 20<sup>th</sup> day of the settlement month for physical contracts, and the 1<sup>st</sup> day of the settlement month for financial contracts.
- 4) A current month account payable by ICE NGX to the Contracting Party.
- 5) A positive variation margin amount (i.e. in the money position), until such time as the variation margin is no longer positive, or until the position converts from a variation margin amount to an A/P or A/R.

Please contact your ICE NGX Clearing representative (Operations-ICENGX-Clearing@TheIce.com) to determine an appropriate amount of collateral to deposit with ICE NGX.

Once the above steps are complete and any additional requirements have been satisfied, the new Contracting Party can be enabled with trading permissions. In order to trade ICE NGX products, an ICE clearing account is required. Please follow the steps outlined below to request a clearing account.

## 2) ICE CLEARING ACCOUNT SETUP

### ICE Clearing Account Setup

The following steps outline the process to request and set up a clearing account with ICE NGX, through ICE, which is required to clear with ICE NGX. The first 2 steps listed below can only be completed by those individuals with Super User or Risk Manager access on ICE, and the final step must be completed by each trader.

#### Request a Clearing Account

- 1) Log into ICE with user ID and request a Clearing Account from ICE NGX Canada Inc.
  - a) Click "Admin" along the top menu
  - b) Select "Edit Counterparty Filters"
  - c) Click "Clearing" along the top menu
  - d) Select "Account Request"
  - e) Scroll down the "Clearing Firm" column/list to find "ICE NGX Canada Inc."
  - f) Click "REQUEST"

#### Associate Traders to Clearing Account

*(Must be completed by Super User or Risk Manager access on ICE)*

- 2) Associate traders to Clearing Account from ICE NGX called "ALL NGX".
  - a) Click "Admin" along the top menu
  - b) Select "Edit Counterparty Filters"
  - c) Click "Clearing" along the top menu
  - d) You will then see a list of user ID's on the Trader Profile tab

- e) Click on the trader's user ID that you wish to associate with ICE NGX, this will bring up a new box
- f) Select NGX – ALL NGX and Click on Right Arrow to move ID over to the right section
- g) Repeat step e) & f) for all traders that you wish to associate with ICE NGX
- h) Save changes

**Associate Portfolios with ICE NGX**

(Must be completed by each trader)

- 3) Traders can now associate their portfolios with ICE NGX.
  - a) Right Click on Portfolio that you wish to associate with ICE NGX
  - b) Click "Select Clearing Accounts"
  - c) Select NGX in the default
  - d) Save changes

### 3) APPENDIX 1 – ICE NGX STANDARD LC FORMAT

#### ICE NGX Standard LC Format

SWIFT MT 760 or 700 Message

DATE [MONTH] [DAY], [YEAR]

Irrevocable Standby Letter of Credit No. -----

Date of Expiry: -----

Place of Expiry: At our counters, City, Province/State

Applicant:

Counter Party

Address

Address

Advising Bank:

Swift: TDOMCATTMTL

The Toronto-Dominion Bank,

Global Trade Finance

TD Canada Trust Tower,

36<sup>th</sup> Floor,

421 - 7th Avenue SW,

Calgary, AB T2P 4K9

Please advise beneficiary without adding your confirmation that a letter of credit in the following format has been issued in their favor:

Beneficiary:

ICE NGX Canada Inc.

910, 300 – 5th Avenue SW

Calgary, Alberta Canada T2P 3C4

Amount: CAD/USD-----,00 (either currency is fine)

Dear Sirs:

At the request of our customer [APPLICANT and its affiliates LIST RELEVANT APPLICANT AFFILIATES (each an "APPLICANT AFFILIATE")], we, ISSUING BANK, ISSUING BANK'S ADDRESS, hereby issue in your favour our Irrevocable Standby Letter of Credit No. ----- (the "Credit") in the total amount of CAD/USD-----,00 (CANADIAN/USD DOLLARS --- MILLION ONLY).

Payment under this Credit is available to you, on or before the expiry date, against receipt at our counters of an authenticated SWIFT from Advising Bank stating that they have received an authenticated drawing from Beneficiary under Standby Letter of Credit No. ----- dated -----, and stating that:

"One or more of [APPLICANT or APPLICANT AFFILIATE] has defaulted in accordance with the terms and conditions of the Contracting Party's Agreement as revised from time to time and as executed among APPLICANT or APPLICANT AFFILIATE and ICE NGX Canada Inc. and as a result of such default, ICE NGX Canada Inc. is drawing upon Standby Letter of Credit No. ----- dated ----- in the amount of CAD/USD\_\_\_\_\_."

If the authenticated SWIFT is received at our counters by 12 noon (Issuing Bank's City, Province/State time), on any day on which we are open for business, in conformity with the terms of this Credit, we will

honour your demand by making payment on the next business day. Otherwise payment will be made two business days after receipt of your demand.

We shall honour your demand for payment without enquiring whether you have a right as between yourself and our customer to make such demand, and without recognizing any claim of our customer.

Partial drawings and multiple presentations are permitted. The amount of this Credit shall be automatically reduced by the amount of any drawing paid hereunder.

This Standby Letter of Credit will be effective immediately and will remain in effect until -----.

It is a term of this Letter of Credit that the Expiry Date shall be automatically extended without amendment for one (1) year from the present Expiry Date hereof to any future Expiry Date unless at least sixty (60) days prior to such Expiry Date, we send notice to you by SWIFT, certified mail or courier, at the address stated above, that we elect not to extend this Credit for any such additional period.

All banking charges other than issuing bank's charges are for the account of beneficiary.

This Letter of Credit shall be irrevocable and unconditional.

This Irrevocable Standby Letter of Credit is subject to the International Standby Practices 1998, International Chambers of Commerce Publication No. 590 (the "ISP98"), and to matters not addressed by ISP98, shall be governed by the laws of the Province of Alberta and applicable Canadian Federal Law.

\_\_\_\_\_  
AUTHORIZED SIGNATURE

\_\_\_\_\_  
AUTHORIZED SIGNATURE

*\*Prior to issuing an LC, be sure to have the issuing bank approved by ICE NGX. Please ensure the bank completes all required information, including filling in all blanks and replacing all words in capital letters as necessary.*



## FURTHER INFORMATION

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### Contact Information

Please contact your ICE NGX Marketing (Sales-ICENGX@TheIce.com) or Clearing (Operations-ICENGX-Clearing@TheIce.com) representative or the ICE NGX Help Desk at 1-888-NGX-5888 (403-974-4357) with any questions.

