



July 8, 2022

VIA CFTC PORTAL

Mr. Christopher Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Re: ICE NGX Self-Certification of Rule Amendments: Contracting Party Agreement - Submission Pursuant to Section 5c(c)(1) of the Commodity Exchange Act and Commission Regulation 40.6(a)

Dear Mr. Kirkpatrick:

In accordance with Section 5c(c)(1) of the Commodity Exchange Act, as amended (“Act”), and Commodity Futures Trading Commission (“Commission”) Regulation 40.6(a), ICE NGX Canada Inc. (“ICE NGX”) is submitting this self-certification to amend the ICE NGX Contracting Party Agreement (“CPA”). The CPA functions as the rulebook for ICE NGX’s exchange and clearinghouse operations and is a “rule” as that term is defined under Commission Regulation 40.1(i).

ICE NGX intends to implement the amendments on August 8, 2022 or on such later date or dates as ICE NGX may designate.

1. Overview

ICE NGX is making certain amendments (the “Amendments”) to the CPA relating to:

- the collateral utilization threshold at which ICE NGX has authority to liquidate a portfolio;
- explicitly specifying the authority to liquidate a portfolio as part of ICE NGX’s discretionary authority if a risk to the exchange or clearinghouse is present;
- recognizing the full amount of letter of credit collateral until the expiry of the letter of credit;
- other amendments to re-organize Schedule “C” - Risk Management Policy;
- the definitions of “Contracting Party Affiliate”, “Default” and “Hourly Ontario Financial Power Price”;
- the confidentiality provision applicable to a Contracting Party;
- the treatment of personal data by ICE NGX; and

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- non-substantive amendments to Schedule “A” - Fees.

2. Details of Amendments

Changes to collateral utilization threshold for invoking liquidation

The Amendments specify that ICE NGX may invoke the liquidation and close-out procedure in respect of a Contracting Party if its Initial Margin Requirements is at or above 100% of its Net Equity, instead of the current 95% of Net Equity Threshold. This will streamline ICE NGX’s collateral monitoring processes and better reflect current practices.

Specifying authority to invoke liquidation under the Risk to Exchange provision

The Amendments explicitly specify the authority to invoke the liquidation and close-out procedure as part of ICE NGX’s discretionary authority if a risk to the exchange and clearinghouse is present. While this does not represent a substantive change to the broad discretionary authority already in place, the change increases transparency to participants and supports ICE NGX’s ability to respond appropriately to circumstances that may develop.

Recognition of the full amount of letter of credit collateral until the expiry of the letter of credit

ICE NGX accepts cash and letters of credit, each denominated in CAD or USD, as Eligible Collateral Support. The CPA currently provides that 20 days prior to the expiry of a letter of credit, the value of that letter of credit is reduced to zero. This provision reflects past practices including the previously required amount of time to process amendments and extensions to letters of credit. Improvements in banking communications and processes make this 20-day cut-off unnecessary. The Amendments reflect ICE NGX’s current practice, which recognizes the value of the letter of credit collateral until and including the expiry date of the letter of credit.

Other amendments to re-organize Schedule “C” - Risk Management Policy

The Amendments re-organize certain parts of Schedule “C” - Risk Management Policy. The re-organization is aimed at reflecting current practices and improving the drafting and readability of Schedule “C”. Among other things, the re-organizing amendments to the Schedule “C”

- introduce a new defined term “Minimum Available Margin Requirement” to help streamline drafting - note that no substantive changes are proposed to this concept;
- move the requirement on a CP to maintain a written risk management policy into the Terms and Conditions of the CPA; and
- consolidate provisions relating to similar concepts into dedicated sections for better logical flow throughout Schedule “C”.

Definitions

The Amendments broaden the concept of “control” to better reflect corporate realities. The concept of “control” is used in determining affiliation and therefore whether two Contracting Parties are Contracting Party Affiliates.

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The Amendments correct an error in the drafting of the definition of “Default” with respect to a Physically Settled Power Futures Transaction, and clarify that a Default in respect of these products occurs upon any of the listed events or upon ICE NGX’s determination of a Default under Schedule “K”.

The Amendments refine the definition of “Hourly Ontario Financial Power Price” to reflect market developments anticipated to be implemented by the local independent system operator.

Confidentiality provision applicable to a Contracting Party

The Amendments broaden an exclusion from the scope of the confidentiality provision applicable to a Contracting Party to cover any affiliate of the Contracting Party, rather than the narrow, defined term Contracting Party Affiliate.

Treatment of personal data by ICE NGX

The Amendments remove the jurisdiction-specific scope of the provision relating to the treatment of personal data, reflecting the development, and consistency, of personal data and privacy laws in additional jurisdictions. The Amendments also broaden the scope of the provision, to cover any affiliate of the Contracting Party.

Non-substantive amendments to Schedule “A” - Fees

The Amendments streamline the monthly subscription fees table by consolidating into a single line applicable to all Contracting Parties and a single line applicable to all Contracting Party Affiliates. No change is being made to the amount of the applicable subscription fees.

3. Compliance with the Act and Regulations

ICE NGX reviewed the Amendments and determined that they comply with the requirements of the Act and the rules and regulations promulgated by the Commission in implementing the Act. In this regard, ICE NGX reviewed the derivatives clearing organizations core principles (“Core Principles”) and determined that the amendments are potentially relevant to the following Core Principles and the applicable regulations of the Commission thereunder.

Participant and Product Eligibility (Core Principle C): The Amendments facilitate ICE NGX’s compliance with Core Principle C - Participant and Product Eligibility and Commission Regulation 39.12(b)(1)(iii), as the Amendments refine the alternative reference price for certain Ontario financially settled power products, reflecting market changes anticipated to be implemented by the local independent system operator.

Risk Management (Core Principle D): The Amendments facilitate ICE NGX’s compliance with Core Principle D - Risk management and Commission Regulation

- 39.13(g)(5), as the Amendments make a number of changes to the CPA in Schedule “C” - Risk Management Policy that improve transparency and readability of ICE NGX’s rules;
- 39.13(g)(10), (11) and (12), as the Amendments that recognize the full amount of letter of credit collateral until the expiry of the letter of credit reflect prudent valuation of collateral assets and appropriate management of credit and liquidity risks relating to letters of credit;

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- 39.13(h)(1), as the Amendments that re-organize Schedule “C” improve the readability and therefore transparency of ICE NGX’s rules in relation to Risk Limits;
- 39.13(h)(5), as the Amendments that re-organize Schedule “C” improve the readability and therefore transparency of ICE NGX’s rules that require a participant to maintain a written risk management policy; and
- 39.13(h)(6), as the Amendments relating to ICE NGX’s authority to invoke a liquidation streamline the collateral utilization thresholds that ICE NGX monitors and align with current practices, and improve transparency by explicitly including the authority to invoke liquidation in ICE NGX’s discretionary authority if a risk to the exchange or clearinghouse is present.

Default Rules and Procedures (Core Principle G): The Amendments facilitate ICE NGX’s compliance with Core Principle G - Default Rules and Procedures and Commission Regulation

- 39.16(a) and (c)(1), as the Amendments relating to the definition of “control” for the purpose of the Contracting Party Affiliate concept enhance ICE NGX’s rules designed to allow for the efficient, fair and safe management of a default by a Contracting Party or Contracting Party Affiliate;
- 39.13(c)(1) and (2), as the Amendments relating to ICE NGX’s authority to invoke a liquidation improve the transparency of ICE NGX’s rules relating to collateral utilization thresholds and when ICE NGX has the authority to liquidate a portfolio; and
- 39.13(c)(2)(i), as the Amendments correct an error in the definition of “Default” with respect to Physically Settled Power Futures Transactions, thereby improving the objectivity and transparency of ICE NGX’s rules by relying less on discretionary authority to declare a Default in respect of these products.

Legal Risk (Core Principle R): The Amendments facilitate ICE NGX’s compliance with Core Principle R - Legal Risk and Commission Regulation 39.27(b), as the Amendments relating to the definition of “control”, the confidentiality provision and the treatment of personal data enhance the legal framework and soundness of ICE NGX’s rules and operations.

4. Certifications

ICE NGX hereby certifies that the Amendments to the CPA discussed in this submission comply with the Act and the rules and regulations promulgated by the Commission thereunder. ICE NGX is not aware of any substantive opposing views expressed regarding the Amendments. ICE NGX further certifies that, concurrent with this filing, a copy of the submission was posted on ICE NGX’s website and may be accessed at <https://www.ice.com/ngx>.



* * * * *

Please do not hesitate to contact me (403-974-1701) or our General Counsel and CCO, Martin McGregor (403-974-1740) for any further information the Commission or its staff may require in connection with this notice.

Yours truly,

“as signed by”

Greg Abbott
President & COO

Encls.

cc: Martin McGregor, ICE NGX
Shane Wanotch, ASC



AMENDMENTS TO THE ICE NGX CONTRACTING PARTY AGREEMENT

AMENDMENTS TO THE TERMS AND CONDITIONS

[Note: Insertions are underscored; deletions are struck through.]

1.2 Definitions

“Contracting Party Affiliate” means, in relation to the Contracting Party (the “First Contracting Party”),

- (i) any other Contracting Party (an “OCP”) that is controlled, directly or indirectly, by the First Contracting Party,
- (ii) any OCP that controls, directly or indirectly, the First Contracting Party, or
- (iii) any OCP directly or indirectly under common control with the First Contracting Party,

each except as may be waived by Exchange pursuant to Exchange’s written consent; or

- (iv) any other OCP affiliated with the Contracting Party that does not otherwise qualify under this definition if agreed to in writing by Exchange, the OCP and the First Contracting Party.

For this purpose of the definition of Contracting Party Affiliate, a person or company is considered to “control” of a any OCP or the First Contracting Party if: means

- (i) the person or company beneficially owns, or directly or indirectly controls, ownership of a majority of the voting power of the OCP or the First Contracting Party,
- (ii) the Contracting Party is a partnership other than a limited partnership, and the person or company owns, directly or indirectly, more than 50% of the interests of the partnership,
- (iii) the Contracting Party is a limited partnership, and the person or company is the general partner of the limited partnership, or
- (iv) the Contracting Party is a trust, and the person or company is a trustee of the trust;

...

“Default” means, with respect to a Contracting Party: ~~(i) with respect to a Physically Settled Power Futures Transaction, as determined by Exchange pursuant to Section 7 of Schedule “K”;~~



- (ii) ~~with respect to any other transaction,~~ any one or more of a Failure to Deliver, Failure to Pay, Failure to Take, Event of Default,~~;~~ Failure to Provide Eligible Collateral Support,~~;~~ Financially Settled Futures Party's Default,~~;~~ or Option Party's Default of such Contracting Party or a Contracting Party Affiliate Default of any of its Contracting Party Affiliates, and

- (ii) with respect to a Physically Settled Power Futures Transaction, in addition to the events listed in paragraph (i), as determined by Exchange pursuant to Section 7 of Schedule "K";

3.2 Agreements of the Contracting Party

...

g. Confidentiality -

...

- (v) Nothing in this Section 3.2 shall restrict the Contracting Party or any affiliate of a Contracting Party Affiliate—from compliance with any law, regulation or governmental authority applicable to such Contracting Party or affiliate of a Contracting Party Affiliate—requiring disclosure, or require that any such information which is in the public domain or acquired from a third party who is not under any obligation of confidentiality or secrecy to Exchange or independently developed by such Contracting Party, be kept confidential and secret by any Contracting Party.

...

g. Written Risk Management Policy Required - The Contracting Party shall maintain a current written risk management policy. The Contracting Party shall from time to time, upon request by Exchange, provide Exchange with information and documents regarding its risk management policies, procedures and practices, including, but not limited to, information and documents concerning liquidity of the Contracting Party's financial resources and settlement procedures (the "Risk Management Documentation"), and make such information and documents available to Exchange's regulators upon their request. Exchange may, from time to time, conduct on-site audits of the Risk Management Documentation and the Contracting Party shall make reasonable efforts to facilitate any such audits.



3.4 Agreements of the Exchange

a. Confidentiality -

...

(iv) Treatment of Personal Data ~~relating to Individuals in the European Union~~

(IV) Each Contracting Party and the Exchange:

- (1) acknowledges that the recording of conversations between the trading, clearing and other relevant personnel of the Contracting Party and/or its affiliates ~~Contracting Party Affiliates~~ and the Exchange and/or its affiliates in connection with the Contracting Party Agreement and any Transaction or potential Transaction will take place to the extent permitted or required under Regulations;



AMENDMENTS TO SCHEDULE "A" - FEE SCHEDULE¹

[Note: Insertions are underscored; deletions are struck through.]

Subscription Fees – Monthly

Subscription Fee per month – Contracting Party	USD	\$2,000
Subscription Fee per month – Contracting Party Affiliate	USD	\$1,000
Subscription Fee per month – Contracting Party, US Phys Products Only	USD	\$2,000
Subscription Fee per month – Contracting Party Affiliate, US Phys Products Only	USD	\$1,000
Subscription Fee per month – Authorized User from a Contracting Party	USD	\$125

...

~~Fees for Delivery Points located in Canada are subject to GST.~~

¹ Notes:

All fees are subject to rebates as published from time to time on the Exchange's Website.

Transactions involving an assignment and novation will be billed up to 50% ~~at~~of the amount posted in this Schedule "A". Please contact ICE NGX's marketing department to determine the costs associated with a particular assignment and novation.

~~US Phys products are products traded at any Hub in the United States.~~

Each Authorized User will be charged the monthly subscription fee.

[Fees for Delivery Points located in Canada are subject to GST.](#)

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AMENDMENTS TO SCHEDULE "C" - RISK MANAGEMENT POLICY

[Note: Insertions are underscored; deletions are struck through.]

1. Definitions

"Minimum Available Margin Requirement" means,

(i) with respect to a Contracting Party that transacts in Option Products, \$2,000,000;

(ii) with respect to a Contracting Party that does not transact in Option Products, but transacts in Financial Power Products and/or Physical Power Products, \$1,000,000; or

(iii) with respect to a Contracting Party that does not transact in either Option Products or Financial Power Products or Physical Power Products, \$500,000.

...

"Risk Limit" has the meaning ascribed thereto in Section 8 in this Schedule "C";

...

3. ~~Determination Of Margin Limits, Risk Limit and Discretionary Delivery Credit~~

a. The Margin Limit for each Contracting Party is the amount at which the Contracting Party's Initial Margin is equal to eighty percent (80%) of the Contracting Party's Net Equity. A Contracting Party may increase its Margin Limit with Exchange by increasing its Collateral.

b. The Contracting Party's Risk Limit is equal to the Contracting Party's Margin Limit.

cb. Exchange will determine each Contracting Party's Discretionary Delivery Credit in conjunction with Exchange's insurance provider. Such Discretionary Delivery Credit is subject to change. Exchange shall provide notice in writing of the maximum value of Discretionary Delivery Credit that will be applied in the calculation of each Contracting Party's Margin Requirement.

...

6. Valuation of Collateral

For the purposes of calculating the value of Collateral, Available Margin and Margin Requirement for a Contracting Party, Exchange shall value the Collateral of ~~such~~ the Contracting Party as follows:

a. with respect to each letter of credit constituting Eligible Collateral Support, the undrawn portion of such letter of credit available to Exchange; ~~provided that, no value shall be~~

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~~allocated to such letter of credit as and from 20 calendar days prior to the expiry of such letter of credit;~~

...

7. Daily Margin Limit Monitoring

- a. During each Trading Day, Exchange will monitor the Margin Requirement of ~~each the~~ Contracting Party and will make the Contracting Party's Margin Requirement available to the Contracting Party.

8. Request by Exchange for Eligible Collateral Support

- ~~a.~~ If the Initial Margin for a Contracting Party is equal to or greater than eighty percent (80%) of the Contracting Party's Net Equity, Exchange ~~will advise the Contracting Party and may~~ request that additional Eligible Collateral Support be provided to Exchange.

- ~~b.~~ If

~~(i)~~ (i) the Initial Margin for a Contracting Party is equal to or greater than ninety percent (90%) of the lesser of such the Contracting Party's Net Equity, or

~~(ii)~~ (ii) the Available Margin for the Contracting Party is less than the applicable Minimum Available Margin Requirement,

Exchange

~~(iii)~~ (iii) may request that additional Eligible Collateral Support be provided to Exchange, and

~~(iv)~~ (iv) may halt such the Contracting Party from entering orders for Products which will increase its Margin Requirement until the Contracting Party provides additional Eligible Collateral Support to the satisfaction of Exchange.

- ~~c.~~ If the Initial Margin for a Contracting Party is equal to or greater than ~~ninety-five one~~ hundred percent (95100%) of the ~~lesser of such Contracting Party's Net Equity or~~ Exchange ~~does not have sufficient Collateral with respect to such Contracting Party,~~ Exchange

~~(i)~~ (i) may request that additional Eligible Collateral Support be provided to Exchange, and

~~(ii)~~ (ii) will be entitled to, without limitation to any of its other rights or remedies, invoke the Liquidation Procedure pursuant to Section 5.6 of the Terms and Conditions and the Close-out Procedure pursuant to Section 8.3 of the Terms and Conditions.

- ~~e.~~ ~~If the Available Margin for a Contracting Party is less than:~~



- ~~(i) with respect to a Contracting Party that transacts in Option Products, \$2,000,000;~~
- ~~(ii) with respect to a Contracting Party that does not transact in Option Products, but transacts in Financial Power Products and/or Physical Power Products, \$1,000,000; or~~
- ~~(iii) with respect to a Contracting Party that does not transact in either Option Products or Financial Power Products, \$500,000,~~

~~Exchange will advise the Contracting Party and may request that additional Eligible Collateral Support be posted with Exchange. Exchange may halt such Contracting Party from entering orders for Products which will increase its Margin Requirement until the Contracting Party provides additional Eligible Collateral Support to the satisfaction of the Exchange.~~

- ~~d. Upon a request by Exchange for additional Eligible Collateral Support from a Contracting Party in accordance with this Agreement that is made on a Business Day for the Contracting Party, the Contracting Party agrees to provide such additional Eligible Collateral Support to Exchange within the next Business Day or, if the next Business Day is a Recognized Banking Holiday, then on the first Business Day that is not a Recognized Banking Holiday following any such request.~~
- ~~e. Notwithstanding anything else in this Agreement, including all Schedules, whenever the Exchange determines, in its sole discretion, that unstable conditions relating to one or more Products exist, or that the maintenance of an orderly market or the preservation of the fiscal integrity of the Exchange requires additional Eligible Collateral Support, or that any Contracting Party is carrying positions in Products or incurring risks in its account(s) that are larger than is justified by the financial and/or operational condition of the Contracting Party, the Exchange may require additional Eligible Collateral Support to be deposited with the Exchange within such time(s) as may be specified by the Exchange, and/or may limit withdrawals of any Eligible Collateral Support on deposit from such the Contracting Party for such time as may be specified by the Exchange.~~

~~8. RISK MANAGEMENT~~

~~a. Risk Management Policy~~

- ~~(i) The Contracting Party shall maintain a current written risk management policy. The Contracting Party shall from time to time, upon request by Exchange, provide Exchange with information and documents regarding its risk management policies, procedures and practices, including, but not limited to, information and documents concerning liquidity of the Contracting Party's financial resources and settlement procedures (the "Risk Management Documentation"), and make such information and documents available to Exchange's regulators upon their request. Exchange may, from time to time, conduct on-site audits of the Risk Management Documentation and the Contracting Party shall make reasonable efforts to facilitate any such audits.~~



~~b. Risk Limits~~

- ~~(i) The Contracting Party's Risk Limit is equal to the Contracting Party's Margin Limit, established in accordance with Section 3 of this Schedule "C".~~

9. Request for Return of Eligible Collateral Support By Exchange

~~a. Notwithstanding anything in this Contracting Party Agreement, including all Schedules, whenever the Exchange determines, in its sole discretion, that unstable conditions relating to one or more Products exist, or that the maintenance of an orderly market or the preservation of the fiscal integrity of the Exchange requires additional Eligible Collateral Support, or that any Contracting Party is carrying positions in Products or incurring risks in its account(s) that are larger than is justified by the financial and/or operational condition of the Contracting Party, the Exchange may require additional Eligible Collateral Support to be deposited with the Exchange within such time(s) as may be specified by the Exchange, and/or may limit withdrawals of any Eligible Collateral Support on deposit from such Contracting Party for such time as may be specified by the Exchange.~~

~~b. Upon a request by Exchange for additional Eligible Collateral Support from a Contracting Party in accordance with this Agreement, the Contracting Party agrees to provide such additional Eligible Collateral Support to Exchange within the next Business Day or, if the next Business Day is a day that is a Recognized Banking Holiday, then on the first Business Day that is not a Recognized Banking Holiday following any such request. The Contracting Party shall be responsible for any and all wire transfer fees applied or deducted by the Exchange's bank relating to the receipt, deposit or transfer of such Eligible Collateral Support.~~

ea. A Contracting Party may request a return of Cash Collateral, or a reduction of Eligible Collateral Support it has provided to Exchange in the form of a letter of credit, if:

- (i) its Initial Margin is less than eighty percent (80%) of Net Equity, all as calculated hereunder (the "Minimum Collateral Amount"); and
- (ii) no Default has occurred with respect to such Contracting Party.

b. Upon such a request, Exchange agrees to:

- (i) return an amount of Cash Collateral equal to the lesser of:
 - (1) the full amount of such Cash Collateral; or
 - (2) such portion of such Cash Collateral as would reduce the value of the Collateral of the Contracting Party to be retained by Exchange, as calculated hereunder, to the Minimum Collateral Amount,



such return of Cash Collateral to occur on the next Business Day or, if the next Business Day is a Recognized Banking Holiday, then on the first Business Day that is not a Recognized Banking Holiday, following such request; or

- (ii) accept a new or revised letter of credit where the value of the Collateral of the Contracting Party to be retained by Exchange, as calculated hereunder, meets or exceeds the Minimum Collateral Amount.

10. Risk to Exchange

Notwithstanding any provision of this Agreement, Exchange reserves the right at any time to:

(a) decline to enter into any Transactions which, in Exchange's sole determination, increases the credit exposure or adds additional risk of loss to or otherwise affects the risk profile of Exchange; or (b) take any other reasonable actions to preserve the integrity and security of Exchange, the ICE NGX Trading System and/or the ICE NGX Clearing System (including, without limitation, making a request of a Contracting Party for additional Eligible Collateral Support or invoking the Liquidation Procedure pursuant to Section 5.6 of the Terms and Conditions and the Close-out Procedure pursuant to Section 8.3 of the Terms and Conditions), as determined in the sole discretion of Exchange.



AMENDMENTS TO SCHEDULE "E" - NATURAL GAS OPTIONS AND GAS AND POWER FINANCIALLY SETTLED FUTURES TRANSACTIONS

[Note: Insertions are underscored; deletions are struck through.]

9. DEFINITIONS

...

"Hourly Ontario Financial Power Price" or "HOEP" means the Hourly Ontario Financial Power Price as published by IESO on their website. In the event that Locational Marginal Pricing is introduced in the Ontario financial power market or Exchange determines, in its sole discretion acting reasonably, that the HOEP is no longer the applicable reference to determine the Floating Price Description for the Ontario Financial Power Products, the Floating Price Description for the Ontario Financial Power Products shall be the Day-Ahead Market (DAM) Ontario Zonal Price as defined and published by the IESO;