



CONTRACTING PARTY SIGN-UP PROCESS

Overview

Below you will find a summary of requirements and action items to become a member (“Contracting Party”) of ICE NGX. Should you have any questions throughout the sign up process, please contact sales-icengx@ice.com or legal-icengx@ice.com.

Summary of required information

The following information and materials, at minimum, must be submitted as part of an application to become a Contracting Party with ICE NGX.

- 1) Most recent financial statements, as described further in this document.
- 2) Completed ICE NGX Application Form: <https://www.theice.com/ngx/new-customer-sign-up#form>
- 3) Completed ICE NGX CP Admin Form: <https://www.theice.com/ngx/new-customer-sign-up#adminform>
- 4) Confirmation that the applicant has a Risk Management Policy, as required by the ICE NGX rules
- 5) Constating documentation or other similar corporate information.

Financial Statements

To qualify to become, and continue to be, a Contracting Party with ICE NGX, an applicant must be a business entity and must meet, on an ongoing basis, ICE NGX’s minimum qualification requirement: 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 entity must be submitted. These financial statements must be in a standard format (e.g., IFRS; GAAP; ASPE), and must contain a balance sheet, income statement, and cash flow statement, and must cover at least the two most recent fiscal or calendar years.

Applicants who are a subsidiary of parent company, on whose financials they are relying, should also be prepared to provide financial information from the parent company, and details of the ownership structure (corporate org chart) related to the applicant.

ICE NGX Application and CP Admin forms

In addition to satisfying the minimum qualification requirement, each applicant must submit to ICE NGX a completed Application form and CP Admin 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. The CP Admin Form describes the responsible individuals for the applicant, the products the applicant intends to trade, and relevant cash-market identifiers for certain products.

Review process and next steps

ICE NGX will review these materials and conduct other due-diligence on the applicant and the application. This may involve additional questions or documentation requirements, including but not limited to financial information and/or regulatory matters.

The ICE NGX Membership Committee then meets to review the application, and makes a recommendation to the President. ICE NGX will notify the applicant whether the application is approved. If approved, the applicant will be required to:

- 1) Review and execute the ICE NGX Contracting Party's Agreement ("CPA"):
<https://www.theice.com/publicdocs/ICE NGX Contracting Party Agreement.pdf>
- 2) Review and execute the ICE Participants Agreement ("PA"): <https://www.theice.com/ngx/new-customer-sign-up#participants>
- 3) Provide collateral pursuant to the terms and conditions of Schedule C of the CPA, and as otherwise required by ICE NGX

Summary of Collateral Requirements

ICE NGX's CPA requires that each Contracting Party post sufficient collateral to cover its margin requirement, calculated pursuant to the terms of the ICE NGX Risk Management Policy, at Schedule "C" to the CPA. In accordance with the CPA, collateral provided to

ICE NGX to support a specific Contracting Party's positions can only be used by ICE NGX to remedy a performance failure by the Contracting Party itself, or by affiliates of the Contracting Party that clear under the same clearing account.

ICE NGX accepts collateral only in following forms to meet the initial collateral requirements and to meet future margin calls:

- 1) Cash, denominated in CAD or USD. Cash collateral is held in a segregated account at ICE NGX's custodian bank. Cash collateral on deposit earns interest according to the rates posted on the ICE NGX website and in accordance with the terms of the Contracting Party Agreement. Note also that ICE NGX will secure a priority interest in the cash collateral on deposit.
- 2) A letter of credit ("LC"), denominated in CAD or USD, in ICE NGX's standard form, issued by a bank that is pre-approved by ICE NGX. ICE NGX's standard form LC can be obtained from the ICE NGX Clearing team.

All prospective CPs should ensure they are able to meet these collateral requirements in the form noted, before submitting an application. ICE NGX may require proof of this ability, prior to approval.

Once a Contracting Party has begun clearing with ICE NGX, the following are also taken into account to reduce future margin calls:

- 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 20th day of the settlement month for physically-settled contracts, and the 1st day of the settlement month for financially-settled 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.

It is also important to note the minimum Available Margin requirements set out in Schedule C (Risk Management Policy), section 7, of the Contracting Party Agreement.

All prospective CPs should ensure they will be able to maintain Available Margin at these levels, and post additional margin within the timeframes required by ICE NGX. ICE NGX's analysis of the applicant's financial statements will include an examination of whether these requirements can be met with liquid assets in a timely manner.

A general overview of ICE NGX clearing is available on the ICE NGX website:

https://www.theice.com/publicdocs/ICE_NGX_Clearing_Overview.pdf