



FOIA CONFIDENTIAL TREATMENT REQUESTED

January 8, 2025

VIA CFTC PORTAL

Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st St., N.W.
Washington, D.C. 20581

Re: Amendment to ICE NGX Canada Inc. Rules - Submission Pursuant to Section 5c(c)(1) of the Commodity Exchange Act and CFTC Regulation § 40.6(a): Changes to ICE NGX Canada Inc. ("ICE NGX") Default Management Procedures

Dear Mr. Kirkpatrick:

Pursuant to 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 relating to amendments (the "DMP Amendments") to the ICE NGX Default Management Procedures ("Default Management Procedures" or "DMP"). ICE NGX believes the Default Management Procedures may be a "rule" as that term is defined under Commission Regulation 40.1(i).

ICE NGX intends to implement the Amendments on January 31, 2025 or on such later date as ICE NGX may designate.

ICE NGX has respectfully requested confidential treatment for the Default Management Procedures and the DMP Amendments, which were submitted concurrently with this submission.

Note: Capitalized terms not defined herein have the meaning given to them in the CPA.

1. Overview

ICE NGX is amending the Default Management Procedures to

- enhance the process descriptions relating to drawing on a collateral letter of credit;
- clarify that trades are transferred from a Defaulting Party to a non-defaulting participant (each a "Contracting Party" or "CP") at the original transaction price;
- enhance the description of processes relating to claiming against ICE NGX's default insurance; and
- streamline and update certain descriptions to reflect current processes or terminology.

2. Details of Rule Changes

As Eligible Collateral Support, ICE NGX accepts letters of credit (each a “collateral LC”) and cash, both denominated in either CAD or USD. For collateral LCs, ICE NGX employs the services of an “advising bank” who manages the collateral LCs and communications with the banks that have issued the collateral LCs, including a drawdown on a collateral LC if required. In the event that the advising bank is not available to process a drawdown request for a collateral LC, ICE NGX has the authority to directly communicate with the issuing bank to request the drawdown. The DMP Amendments enhance the descriptions relating to ICE NGX communicating directly with the issuing bank in this scenario.

The DMP Amendments clarify that trades transferred from a Defaulting Party to a non-defaulting CP are transferred at the original trade price. This policy reflects the physically settled nature of the majority of ICE NGX’s contracts.

In addition, the DMP Amendments enhance the description relating to claiming on ICE NGX’s default insurance, in the event of a loss resulting from a Contracting Party default. As the Commission is aware, ICE NGX’s USD 215 million guarantee fund comprises USD 15 million restricted cash and a USD 200 million default insurance policy, with liquidity provided by a letter of credit in the same amount. The enhanced process description will help ensure that, in the event of a default and resulting loss, ICE NGX will be able to file a complete claim under the default insurance policy to recoup the loss amount.

Finally, the DMP Amendments make certain non-substantive changes to reflect current processes and to streamline the Default Management Procedures.

A redline version of the Default Management Procedures, over which ICE NGX has respectfully requested confidential treatment, is being submitted concurrently with this submission.

3. Compliance with Core Principles

ICE NGX reviewed the Amendments and determined that they comply with the rules and regulations of the Commission. In this regard, ICE NGX reviewed the derivatives clearing organization (“DCO”) core principles (each a “Core Principle”) and determined that the Amendments are potentially relevant to the following Core Principles and applicable regulations of the Commission thereunder.

Compliance (Core Principle A): The Amendments are consistent with Core Principle A - Compliance and Commission Regulation 39.10, as the Amendments update ICE NGX’s policies and procedures for complying with Commission regulations and ICE NGX’s internal policies.

Default Rules and Procedures (Core Principle G): The Amendments are consistent with Core Principle G - Default Rules and Procedures and the following Commission Regulations:

- § 39.16(a) and (b), as the Amendments update ICE NGX’s written default management plan and procedures designed to allow for the efficient, fair and safe management of



events during which clearing members become insolvent or default on their obligations to ICE NGX; and

- § 39.16(c)(1), as the DMP Amendments enhance the description of processes relating to ICE NGX requesting a drawdown on a collateral LC directly from the issuing bank, thereby shortening the timeframe for a drawdown in the event ICE NGX's advising bank is not available;
- § 39.16(c)(1), as the DMP Amendments enhance the description of processes relating to ICE NGX filing a claim on its default insurance policy, thereby shortening the timeframe for recouping a default loss via the default insurance; and
- § 39.16(c)(2)(ii), as the DMP Amendments clarify that trades are transferred from a Defaulting Party to a non-defaulting CP at original trade price;

4. Certifications

ICE NGX certifies that the Amendments discussed in this submission comply with the Commodity Exchange Act, including the Core Principles and the Regulations of the Commission thereunder. ICE NGX is not aware of opposing views expressed regarding the Amendments. ICE NGX further certifies that, concurrent with this filing, a copy of this submission was posted to ICE NGX's website.

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Please do not hesitate to contact me (403-974-1701 or greg.abbott@ice.com) or Martin McGregor, ICE NGX General Counsel & CCO (403-974-1740 or martin.mcgregor@ice.com) for any further information the Commission or its staff may require in connection with this document.

Yours truly,

By: Greg Abbott
Title: President & COO
Date: January 8, 2025