



**FOIA CONFIDENTIAL TREATMENT REQUESTED**

July 5, 2024

**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: Amendments to ICE NGX Canada Inc. Rules - Submission Pursuant to Section 5c(c)(1) of the Commodity Exchange Act and CFTC Regulation § 40.6(a) - Risk Management Framework Amendments**

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 of amendments (the "Amendments") to the ICE NGX Risk Management Framework ("RMF"). The RMF is a "rule" as that term is defined under Commission Regulation 40.1(i).

**1. Overview**

ICE NGX is making this submission to implement certain changes (the "Amendments") to the NGX RMF, that are primarily designed to clarify and enhance documentation and provide greater transparency with respect to risk management.

ICE NGX intends to implement these amendments on July 22, 2024, or such later date as ICE NGX may designate.

**2. Details of Rule Changes**

***Credit Risk Monitoring and Review of Credit Risk Mitigation***

In accordance with CFTC Regulations, ICE NGX monitors each Contracting Party's credit risk profile and continued satisfaction of the ICE NGX's minimum qualification requirements ("MQR"). Where the Contracting Party meets the MQR through a direct or indirect controlling entity, ICE NGX's ongoing credit risk and MQR monitoring includes that direct or indirect controlling entity.

The Amendments enhance ICE NGX's policies and procedures by setting out, in the RMF, ICE NGX's policy on the use of financial statements of a parent or affiliate of the Contracting Party for ICE NGX's ongoing credit risk. The Amendments also enhance ICE NGX's policies and procedures to more fully describe annual and *ad hoc* reviews of financial data and credit risk



information, as well as escalation and approval of any credit risk mitigation changes resulting from financial data reviews.

The Amendments also enhance the RMF descriptions of the credit risk mitigation tools typically used by ICE NGX, as well as the periodic review of credit risk mitigation actions.

### **Backtesting**

The Amendments update ICE NGX's policies and procedures relating to more frequent and comprehensive backtesting analyses to reflect current practice. The Amendments also enhance the documentation to reflect *ad hoc* micro-backtesting analysis, including escalation triggers and process.

## **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 clarify, enhance and update ICE NGX's policies and procedures for complying with Commission regulations and internal policies.

**Participant and Product Eligibility (Core Principle C):** The Amendments are consistent with Core Principle C - Participant and Product Eligibility and Commission Regulations

- 39.12(a)(2), as the Amendments clarify, enhance and update ICE NGX's policies and procedures relating to requiring Contracting Parties have sufficient financial resources to meet obligations arising from participation in ICE NGX's clearinghouse; and
- 39.12(a)(4) as the Amendments enhance the RMF descriptions relating to ongoing monitoring of Contracting Parties compliance with ICE NGX's participation standards, as set out as the MQR in the CPA.

**Risk Management (Core Principle D):** The Amendments are consistent with Core Principle D - Risk Management and Commission Regulation § 39.13(f), as the Amendments relating to backtesting enhance ICE NGX's monitoring of its margin model performance through more frequent and *ad hoc* backtesting reviews and corresponding escalation triggers.

## **4. Certifications**

ICE NGX certifies that the proposed 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 these amendments.



ICE NGX further certifies that, concurrent with this filing, a copy of this submission was posted to ICE NGX's website.

If you have any questions or require further information, please do not hesitate to contact me at 403-974-1701 or [greg.abbott@ice.com](mailto:greg.abbott@ice.com), or Martin McGregor, ICE NGX General Counsel & CCO, at 403-974-1740 or [martin.mcgregor@ice.com](mailto:martin.mcgregor@ice.com).

Yours truly,

A handwritten signature in black ink, appearing to read "G. Abbott", is written over a horizontal line.

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Greg Abbott  
President & COO  
ICE NGX Canada Inc.