



September 11, 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: 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): Amendments relating to Financial Sales Credit

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 to the:

- ICE NGX Contracting Party Agreement (“CPA”) (the “CPA Amendments”) - 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); and
- the ICE NGX Risk Management Framework (“RMF”) (the “RMF Amendments”) is a “rule” as that term is defined under Commission Regulation 40.1(i).

Collectively, the CPA Amendments and the RMF Amendments are referred to herein as the “Amendments”.

1. Overview

ICE NGX is amending the RMF and the CPA to reflect changes in how positive financial sales credit amounts are reflected in a Contracting Party’s margin requirements.

ICE NGX intends to implement the Amendments on October 1, 2024 or on such later date as ICE NGX may designate.

The text of the amended CPA provisions is attached as the Appendix to this letter. The RMF Amendments were submitted concurrently with this submission; ICE NGX has respectfully requested confidential treatment for the RMF Amendments.

Note: All capitalized terms not otherwise defined herein have the meaning given to them in the CPA.

2. Details of Rule Changes

For certain of ICE NGX's financially settled products, variation gains and losses are settled daily, on a T+2 basis. The settlement amounts in respect of the variation gains and losses are referred to as MTM settlement amounts.

For all of ICE NGX's financially settled products, a monthly Financial settlement invoice is settled on the 6th Business Day of the month following the contract month.

Currently,

- daily MTM settlement amounts payable by the Contracting Party (each a "CP") to ICE NGX are collateralized until settlement of the relevant invoice, while MTM settlement amounts payable by ICE NGX to the CP are not reflected as a credit in the CP's Total Margin Requirement; and
- monthly Financial settlement invoice amounts payable by the CP to ICE NGX are collateralized until settlement of the relevant invoice, while amounts payable by ICE NGX to the CP are reflected as a credit in the CP's Total Margin Requirement only until the last calendar day of the month prior to settlement of the invoice.

The Amendments provide that

- positive MTM settlement amounts owing to a CP will be reflected in the CP's Total Margin Requirement until the relevant invoice is settled, and
- positive monthly Financial settlement amounts will be reflected in the CP's Total Margin Requirement until the relevant invoice is settled on the Financial Settlement Date.

The effect of the Amendments will be to hold the Contracting Party's Total Margin Requirement consistent all the way through the financial settlement process, reducing the liquidity and operational burden on participants that would otherwise result from the associated margin calls and returns.

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 and clarify ICE NGX's policies and procedures for complying with Commission regulations and internal policies.



Risk Management (Core Principle D): The Financial Sales Credit Amendments are consistent with Core Principle D - Risk Management and Commission Regulation§ 39.13(f), as the Amendments do not create or result in any additional exposure to the clearinghouse or any other clearing participant from a potential default by a Contracting Party, because the MTM settlement amounts and monthly Financial settlement amounts are already owed by the clearinghouse to the respective clearing participant.

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

Yours truly,

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

By: Greg Abbott
Title: President & COO
Date: September 11, 2024

APPENDIX

AMENDMENTS TO THE ICE NGX CONTRACTING PARTY AGREEMENT

SCHEDULE "C" - COLLATERAL AND RISK MANAGEMENT

[Note: Insertions are underlined, deletions are struck through.]

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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 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;
- b. with respect to cash, or interest-bearing instruments contemplated by Section 3.3 of the Terms and Conditions, the full amount of cash or the face value of the instrument, as applicable;
- c. with respect to Previous Month Accounts Net Payable, the amount of such Contracting Party's Previous Month Accounts Net Payable; provided that, no positive value shall be allocated for such Contracting Party for such Previous Month Accounts Net Payable after the 20th day of the current month;
- d. with respect to Current Month Accounts Net Payable, the amount of such Contracting Party's Current Month Accounts Net Payable;
- e. with respect to Financially Settled Futures Settlement Net Payable, the amount of such Contracting Party's Financially Settled Futures Settlement Net Payable; ~~provided that, no positive value shall be allocated for such Contracting Party for such Financially Settled Futures Settlement Net Payable after the last calendar day of the month immediately preceding the month when such Financially Settled Futures Settlement Net Payable is to be paid;~~
- f. with respect to MTM Settlement Net Payable, the amount of such Contracting Party's MTM Settlement Net Payable, ~~provided that no positive value shall be allocated for such Contracting Party;~~ and,
- g. with respect to Variation Margin, the amount determined for such Contracting Party by Exchange, in its sole discretion; ~~provided that, no positive value shall be allocated for such Contracting Party for such Variation Margin from and after it converts to a Current Month Accounts Net Payable.~~