

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): _____

Organization: _____

Filing as a: **DCM** **SEF** **DCO** **SDR** Please note - only ONE choice allowed.

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Organization Rules and Rule Amendments

Certification	§ 40.6(a)
Approval	§ 40.5(a)
Notification	§ 40.6(d)
Advance Notice of SIDCO Rule Change	§ 40.10(a)
SIDCO Emergency Rule Change	§ 40.10(h)

Rule Numbers: _____

New Product Please note only ONE product per Submission.

Certification	§ 40.2(a)
Certification Security Futures	§ 41.23(a)
Certification Swap Class	§ 40.2(d)
Approval	§ 40.3(a)
Approval Security Futures	§ 41.23(b)
Novel Derivative Product Notification	§ 40.12(a)
Swap Submission	§ 39.5

Official Product Name: _____

Product Terms and Conditions (product related Rules and Rule Amendments)

Certification	§ 40.6(a)
Certification Made Available to Trade Determination	§ 40.6(a)
Certification Security Futures	§ 41.24(a)
Delisting (No Open Interest)	§ 40.6(a)
Approval	§ 40.5(a)
Approval Made Available to Trade Determination	§ 40.5(a)
Approval Security Futures	§ 41.24(b)
Approval Amendments to enumerated agricultural products	§ 40.4(a), § 40.5(a)
“Non-Material Agricultural Rule Change”	§ 40.4(b)(5)
Notification	§ 40.6(d)

Official Name(s) of Product(s) Affected: _____

Rule Numbers: _____

ICE NGX CANADA INC.
Rule Amendment Submission
January 6, 2020

1. The text of the amended provisions to the ICE NGX Canada Inc. ("ICE NGX") Contracting Party Agreement ("CPA") are attached as the Appendix. The CPA is part of ICE NGX's rulebook. Additions to the text are underlined and deletions are struck through.
2. The date of intended implementation for these amendments is January 27, 2020 or such later date as determined by ICE NGX.
3. Attached, please find a certification that: (a) these rule amendments comply with the Commodity Exchange Act (the "Act"), and the Commission's regulations thereunder; and (b) concurrent with this submission, ICE NGX posted on its website: (i) a notice of pending certification of the amendments with the Commission; and (ii) a copy of this submission.
4. A concise explanation and analysis of the operation, purpose, and effect of the amendments appears below.
5. There were no opposing views expressed regarding these amendments.
6. Confidential treatment is not requested.

**CONCISE EXPLANATION AND ANALYSIS OF THE OPERATION, PURPOSE, AND EFFECT OF THE
RULE AMENDMENT AND ITS COMPLIANCE WITH APPLICABLE PROVISIONS OF THE ACT,
INCLUDING CORE PRINCIPLES AND THE COMMISSION'S REGULATIONS THEREUNDER**

Pursuant to Commission Rule 40.6(a)(7)(vi), the following is a concise explanation and analysis of the operation, purpose, and effect of the amendments to the ICE NGX CPA.¹

ICE NGX is making this submission to implement certain changes to

- (a) update the concept of "Event of Default" in the CPA,
- (b) retain certain interest owed to a Contracting Party if the Contracting Party or exceeds the margin utilization threshold,
- (c) enhance ICE NGX's powers to require a Contracting Party to provide further information or documentation as ICE NGX reasonably requires, and
- (d) provide an opportunity to be heard to an applicant whose application for membership has been declined or to a Contracting Party whose membership is suspended or terminated.

collectively, the "Amendments". ICE NGX intends to implement the Amendments on January 27, 2020 (or on such later date as may be designated by ICE NGX).

¹ As a registered FBOT, ICE NGX has submitted contemporaneously with this 40.6 rule amendment self-certification a notification under Commission Rule 48.8(b)(ii)(A) of a material change to its rules (i.e., the CPA).

Amendments to update the concept of "Event of Default"

ICE NGX is amending the CPA to update the concept of "Event of Default", by (i) removing the 15-day cure period currently permitted in certain bankruptcy-related circumstances, in order to align with current industry standards; and (ii) explicitly including a resolution of a bank or other deposit-taking institution within the concept of "bankruptcy".

These amendments comply with Core Principle D - Risk Management, as these amendments enhance ICE NGX's ability to manage the risks associated with discharging ICE NGX's responsibilities as derivatives clearing organization. Specifically, the amendments enhance ICE NGX's power to act in a default by a Contracting Party.

Amendments regarding Contracting Party Interest

ICE NGX is amending the CPA to (i) clarify that ICE NGX pays the Retained Settlement Interest; and (ii) restrict a Contracting Party's ability to request the return of its Contracting Party Interest or Retained Settlement Interest if the Contracting Party exceeds the required margin utilization threshold. In such a case, the Contracting Party Interest or Retained Settlement Interest would become an amount owing by ICE NGX to the Contracting Party that ICE NGX could set off against amounts owing by the Contracting Party to ICE NGX if the Contracting Party defaults.

These amendments comply with Core Principle D - Risk Management, as these amendments enhance ICE NGX's ability to manage the risks associated with discharging ICE NGX's responsibilities as derivatives clearing organization. Specifically, the amendments facilitate ICE NGX setting off any Contracting Party Interest or Retained Settlement Amount against the obligations of the Contracting Party in a default.

Amendments regarding Further Documents required from a Contracting Party

ICE NGX is amending the CPA to require a Contracting Party to provide such further documentation or information as ICE NGX requires, including but not limited to supporting documentation or information relating to tax matters.

These amendments comply with Core Principle D - Risk Management, as these amendments enhance ICE NGX's ability to manage the risks associated with discharging ICE NGX's responsibilities as derivatives clearing organization. Specifically, the amendments facilitate ICE NGX collecting financial, operating, tax-related or other information as required to manage ICE NGX's risks.

Amendments regarding Participation and Access Hearing

ICE NGX is amending the CPA to explicitly will provide an opportunity to be heard or make representations to: (1) an applicant whose application for membership is declined by ICE NGX, and (2) a Contracting Party whose membership is terminated, suspended or restricted by ICE NGX.

Pursuant to regulatory requirements in ICE NGX's home jurisdiction, namely Alberta, Canada, ICE NGX is required to provide an opportunity to be heard in these situations. Previously, ICE NGX has satisfied this regulatory requirement on an *ad hoc* basis. These amendments are designed to provide transparency to applicants and Contracting Parties regarding the opportunity to be heard in these situations.

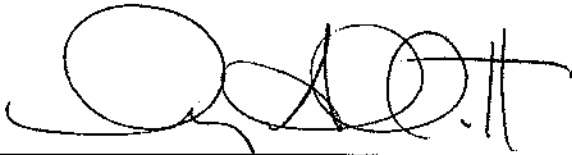
These amendments comply with Core Principle O - Legal Risk Considerations, as these amendments enhance ICE NGX's compliance with regulatory requirements in its home jurisdiction of Alberta, Canada.

No opposing views were expressed in relation to the amendments. The Amendments are set out in Attachment A; additions are underlined and deletions are struck through.

**CERTIFICATIONS PURSUANT TO SECTION 5c OF THE COMMODITY EXCHANGE ACT, 7 U.S.C. §7A-2
AND COMMODITY FUTURES TRADING COMMISSION RULE 40.6, 17 C.F.R. §40.6**

I hereby certify that:

- (1) the amended provisions of the Contracting Party Agreement comply with the Commodity Exchange Act, and the Commodity Futures Trading Commission's regulations thereunder; and
- (2) concurrent with this submission, ICE NGX Canada Inc. posted on its website: (a) a notice of pending certification of these rules with the Commission; and (b) a copy of this submission.

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

By: Greg Abbott
Title: President & COO
Date: January 6, 2020

APPENDIX

AMENDMENTS TO THE TERMS AND CONDITIONS OF THE ICE NGX CONTRACTING PARTY AGREEMENT

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

1.2 Definitions

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dddd. “Participation and Access Hearing” means an opportunity for, as the case may be, an Applicant whose Application is declined, or a Contracting Party whose membership is suspended or terminated by Exchange, to be heard and to make representations, as further described in Section 3.1;

eeee. “Participation and Access Hearing Panel” means a panel comprising three members appointed by Exchange to preside over a Participation and Access Hearing;

[Note: Subsequent paragraphs will be renumbered to reflect the insertion of the new defined terms.]

...

3.1 Application, Participation and Access

- a. Application – An Applicant shall submit a completed Application with Exchange for consideration to become a Contracting Party. Exchange shall review the Application to determine whether the Applicant meets Exchange’s requirements under this Agreement. Exchange may impose any limitations on the Applicant that it deems necessary or appropriate in order to protect the security and integrity of Exchange.
- b. Exchange May Decline – Exchange may ~~reject~~decline an Application if, after having regard to such factors as Exchange considers relevant including, without limitation, the past or present conduct, business or condition of the applicant or any of its directors, senior officers or holders of a significant equity interest, or Exchange is of the opinion that (i) the Applicant will not comply with this Agreement; (ii) the Applicant is not qualified by reason of integrity; (iii) the Applicant may not, because of the Applicant’s financial situation or for any other reason, be able to satisfy its Obligations to Exchange; or ~~(iiiiv)~~ such acceptance is otherwise not in the public interest.
- c. Written Grounds for Declining – If the Application is declined, ~~the Applicant shall take no recourse against Exchange.~~ Exchange shall provide the Applicant with a written notice that the Application has been declined including a statement setting out the grounds upon which the Application has been ~~rejected~~declined.



d. Opportunity to be Heard – Each of the following shall be entitled, upon written request filed with Exchange within fifteen (15) calendar days of receipt of written notice of the relevant decision by Exchange described below, to a hearing before a Participation and Access Hearing Panel:

(i) an Applicant whose Application is declined;

(ii) a Contracting Party whose membership is suspended by Exchange;

(iii) a Contracting Party whose membership is terminated by Exchange.

For the avoidance of doubt, the right to a hearing before a Participation and Access Hearing Panel in no way restricts or postpones Exchange’s authority and power to cause a Contracting Party Suspension and/or termination, or to effect the Close-out Procedure and/or the Liquidation Procedure with respect to the Contracting Party’s Transactions.

e. Waiver of Opportunity to be Heard – Failure of the Applicant or the Contracting Party, as applicable, to request a hearing within fifteen (15) days of receipt of the written notice referred to in Section 3.1d., except where proven for good cause, shall be deemed to be a waiver of the right to a hearing.

f. Participation and Access Hearing Procedures – A Participation and Access Hearing will be conducted by a Participation and Access Hearing Panel in accordance with Exchange’s Participation and Access Hearing procedures, as amended from time to time. An Applicant or Contracting Party, as applicable, will be entitled to be represented by counsel and to present documentary evidence. No formal rules of evidence shall apply, and the Participation and Access Hearing Panel shall be entitled to accept or reject any evidence it considers proper.

g. Decisions of the Participation and Access Hearing Panel – The Participation and Access Hearing Panel may recommend to confirm, vary or reverse the decision by Exchange, provided that the Participation and Access Hearing Panel may not recommend to reverse or vary a decision if the Applicant or Contracting Party, as applicable, does not satisfy the Minimum Qualification Requirement. A written decision setting out the Participation and Access Hearing Panel’s reasons for decision will be provided to the Applicant.

h. Participation and Access Hearing Panel Decision is Final – A decision of the Participation and Access Hearing Panel is final. Notwithstanding all of the above, a decision by the Participation and Access Hearing Panel does not restrict Exchange’s authority and discretion to impose any limitations or conditions on the Applicant or Contracting Party, as applicable, that Exchange determines, in its absolute discretion, necessary or appropriate to protect the security and integrity of Exchange.

3.2 Agreements of the Contracting Party

...



d. Exchange Information – The Contracting Party will from time to time during the term of this Agreement on the request of Exchange file with Exchange the following: (i) audited or, if audited are not available, unaudited consolidated financial statements for its fiscal year within 140 days of the end of fiscal year and unaudited consolidated financial statements for each of the first three fiscal quarters within 60 days of the end of such fiscal quarter or such substitutional financial information as may be acceptable to Exchange and such Contracting Party; (ii) such reasonable additional financial or other information as may be requested by Exchange from time to time and which is reasonably necessary for the administration or prudent operation of the ICE NGX Trading System or the ICE NGX Clearing System; and (iii) reasonable confirmation in respect of the representations and warranties of the Contracting Party provided in Sections 2.1 and 2.3 and of the Credit Support Provider provided in Section 2.2; and, in addition, agrees to file a notice with Exchange in respect of any material adverse change in the financial condition of the Contracting Party or the Credit Support Provider, or of any material change to any of the information provided to Exchange in the Application or pursuant to any inquiry by Exchange, and agrees to Exchange making such further investigations, inquiries or credit checks as Exchange may deem reasonably necessary and agrees to provide such documentation or information as is requested by Exchange in the conduct of such investigation or inquiry.

d.1 Further Information – The Contracting Party agrees to provide such further documentation or information as is required from time to time by Exchange, including but not limited to supporting documentation or information relating to tax matters.

3.3 Eligible Collateral Support and Collateral

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j. Interest on Eligible Collateral Support – Cash Collateral will be deposited in an interest bearing bank account (“Cash Collateral Account”). Exchange will provide the Contracting Party with direct viewing access to its Cash Collateral Account, failing which, and upon request by the Contracting Party, Exchange will account monthly to the Contracting Party for all daily interest earned in a Cash Collateral Account which exceeds \$100,000 or U.S. \$100,000 on any day. ICE NGX will, on a monthly basis, credit to the Cash Collateral Account, interest earned at an interest rate as notified by ICE NGX from time to time (“Contracting Party Interest”). Any interest earned in excess of the Contracting Party Interest shall be deducted monthly by ICE NGX from the Cash Collateral Account for administrative purposes. ~~Cash Collateral, including Contracting Party Interest, will remain in the Cash Collateral Account and returned to the Contracting Party only in accordance with Section 9 of Schedule “C” or to settle an invoice.~~ In order for the Contracting Party to earn daily interest on their Cash Collateral Account for the day upon which such Eligible Collateral Support is deposited with Exchange, such Eligible Collateral Support must be received by Exchange in accordance with the Risk Management Policy no later than 2:00 p.m. (Mountain time).



k. Return of Cash Collateral – Cash Collateral will remain in the Cash Collateral Account and be returned to the Contracting Party only in accordance with Section 9 of Schedule “C”.

l. Return of Contracting Party Interest – A Contracting Party may request a return of its Contracting Party Interest if its Initial Margin is less than eighty percent (80%) of Net Equity, as those terms are defined in Schedule “C”. Exchange agrees to return the relevant Contracting Party Interest 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 provided that the Contracting Party’s Initial Margin is less than eighty percent (80%) of Net Equity on that Business Day. If the Contracting Party’s Initial Margin exceeds eighty percent (80%) of Net Equity on that Business Day, Exchange agrees to return the Contracting Party Interest on the next Business Day, that is not a Recognized Banking Holiday, on which the Contracting Party’s Initial Margin is less than eighty percent (80%) of Net Equity. Exchange shall not be liable to the Contracting Party for any cost or loss incurred as a result of any such depositing of Contracting Party Interest, and the Contracting Party shall be bound by the accounts and records of Exchange in determining and allocating the amount of any cost or any interest earned.

...

3.9 Events of Default

An Event of Default in respect of the Contracting Party will be deemed to occur on the occurrence and continuation of the following events:

...

c. Bankruptcy – The Contracting Party or any Credit Support Provider or any Specified Entity; (1) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (2) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (3) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (4)(A) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (B) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause (A) above ~~and either (1) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order~~



~~for its winding up or liquidation or (II) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof; (5) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (6) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (7) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 15 days thereafter; (8) causes or is subject to any event with respect to which that, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (1) to (7) (inclusive); or (9) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or (10) in the case of a bank, trust and loan company, credit union, treasury branch, caisse populaire or similar entity, (i) is taken control of, under the relevant applicable legislation, by a regulator, supervisor or any similar official with primary prudential oversight over it; (ii) is the subject of an order for the winding up of the entity or the resolution of the entity, which may include any of (A) vesting the shares or debt of the entity in a regulatory or supervisory body, (B) appointing a receiver in respect of the entity, (C) its deposit liabilities are assumed by a bridge institution, or (D) converting the shares or debt of the entity; (iv) causes or is subject to any event that, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (1) to (7) (inclusive) or subclauses 10(i) to (iii) (inclusive); or (v) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or~~

...

8.4 Invoices for Financially Settled Futures Products and Option Products

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- h. Return of Retained Settlement Amounts – A Contracting Party may instruct Exchange to retain payables of MTM Settlement Amounts and Daily Financially Settled Futures Settlement Amounts (“Retained Settlement Amounts”) owing by Exchange to the Contracting Party. Retained Settlement Amounts will be deposited by Exchange in an interest bearing bank account at Exchange’s Principal Banker separate from the corporate funds of Exchange or its affiliates or subsidiaries, and separate from the Eligible Collateral Support and other funds of the Contracting Parties and the funds of any other Contracting Party. Exchange will provide the Contracting Party with direct viewing access to this bank account. ICE NGX will, on a monthly basis, credit to this bank account interest earned at an interest rate as notified by ICE NGX from time to time (“Retained Settlement Interest”). Any interest earned in excess of the Retained Settlement Interest shall be deducted monthly by ICE NGX from the Cash Collateral Account for administrative purposes. A Contracting Party may request a return of any such Retained Settlement Amounts and Retained Settlement Interest if its Initial Margin



~~is less than eighty percent (80%) of Net Equity, as those terms are defined in Schedule "C" no Default has occurred with respect to such Contracting Party. Upon such a request, Exchange agrees to return the relevant Retained Settlement Amounts and Retained Settlement Interest 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 provided that the Contracting Party's Initial Margin is less than eighty percent (80%) of Net Equity on that Business Day. If the Contracting Party's Initial Margin exceeds eighty percent (80%) of Net Equity on that Business Day, Exchange agrees to return the Retained Settlement Amounts and Retained Settlement Interest on the next Business Day, that is not a Recognized Banking Holiday, on which the Contracting Party's Initial Margin is less than eighty percent (80%) of Net Equity. Daily interest earned on such Retained Settlement Amounts will be remitted to the Contracting Party quarterly unless otherwise requested by the Contracting Party, acting reasonably, or unless all such Retained Settlement Amounts have been returned to the Contracting Party or applied, at the Contracting Party's request, to invoice settlement prior to the quarter. Exchange shall not be liable to the Contracting Party for any loss incurred as a result of any such depositing of Retained Settlement Amounts or Retained Settlement Interest, and the Contracting Party shall be bound by the accounts and records of Exchange in determining and allocating the amount of any loss or any interest earned.~~