



FOIA CONFIDENTIAL TREATMENT REQUESTED

January 11, 2021

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)

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 to amend the ICE NGX Risk Management Framework (“RMF”). The RMF is a “rule” as that term is defined under Commission Regulation 40.1(j). ICE NGX intends to implement these amendments on January 26, 2021, or such later date as ICE NGX may designate.

1. Overview

On January 27, 2020, the Commission published final rules, entitled Derivatives Clearing Organization General Provisions and Core Principles,¹ which amended certain regulations applicable to registered derivatives clearing organizations (each a “DCO”), such as ICE NGX (the “DCO Regulation Amendments”).² Among other changes, the DCO Regulation Amendments modify CFTC Regulations 39.11(c) and 39.19(h)(5)(ii) and add new Regulation 39.19(c)(4)(ii). ICE NGX is amending the RMF to reflect the requirements of amended CFTC Regulation 39.11(c)(2)(i) (A) and new Regulation 39.19(c)(4)(ii).

2. Details of Rule Changes

CFTC Regulation 39.11(c) sets out certain requirements relating to how a DCO must calculate the financial resources available to satisfy Regulation 39.11(a)(1) (“Cover 1 financial resources”). The DCO Regulation Amendments specify that a DCO may not include excess margin on deposit from clearing members when calculating its Cover 1 financial resources. ICE NGX is amending the RMF to reflect these DCO Regulation Amendments.

¹ 85 Fed. Reg. 4800 (January 27, 2020) (RIN 3038-AE66)

² The effective date of the DCO Regulation Amendments was February 26, 2020; the compliance date of the DCO Regulation Amendments is January 27, 2021.



CFTC Regulation 39.13(h)(5)(ii) requires derivatives clearing organizations to review the risk management policies, procedures, and practices of each of its clearing members, which address the risks that such clearing members may pose to the derivatives clearing organization, on a periodic basis, and to document such reviews. The DCO Regulation Amendments add an additional requirement for the derivatives clearing organization to “take appropriate action to address concerns identified in such reviews, and document . . . the basis for determining what action was appropriate to take.” ICE NGX is amending the RMF to address these DCO Regulation Amendments.

In addition, the DCO Regulation Amendments introduce a new event specific reporting requirement in CFTC Regulation 39.19(c)(4)(ii), which requires a DCO to notify the Commission of a decrease 25% or more in the total value of the liquidity resources available to satisfy the requirements of CFTC Regulations 39.11(e) or § 39.33(c), as applicable, from either the last quarterly report submitted under CFTC Regulation 39.11(f) or from the close of the previous business day. ICE NGX is amending the RMF to address these DCO Regulation Amendments.

Collectively, the DCO Regulation Amendments described above are the “RMF Amendments”. ICE NGX has respectfully requested confidential treatment for the RMF Amendments which were submitted concurrently with this submission.

3. Details of Rule Changes

ICE NGX reviewed the RMF Amendments and determined that they comply with the rules and regulations of the Commission. In this regard, ICE NGX reviewed the derivatives core principles (“Core Principles”) 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 RMF Amendments are consistent with Core Principle A - Compliance and Commission Regulation 39.10, as the RMF Amendments update ICE NGX’s policies and procedures to reflect the DCO Regulation Amendments.

Risk Management (Core Principle D): The RMF Amendments are consistent with the requirements of Core Principle D and Commission Regulation 39.13, as the RMF Amendments reflect the requirements of CFTC Regulation 39.13(h)(5)(ii), as amended by the DCO Regulation Amendments. Specifically, the RMF Amendments:

- enhance ICE NGX’s ability to manage the risks associated with discharging ICE NGX’s responsibilities as a derivatives clearing organization;
- strengthen ICE NGX’s additional authority to take appropriate action to manage risks in respect of a Contracting Party’s risk management policies relating to the Contracting Party’s trading and clearing activity with ICE NGX; and
- strengthen ICE NGX’s monitoring of its liquidity resources.

Reporting (Core Principle J): The RMF Amendments are consistent with Core Principle J - Reporting and Commission Regulation 39.19, as the RMF Amendments reflect the new event specific reporting obligation introduced by the DCO Regulation Amendments in new CFTC Regulation 39.19(c)(4)(ii).



4. Certifications

ICE NGX certifies that the proposed RMF 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.

Yours truly,

A handwritten signature in black ink, appearing to read 'G. Abbott', is positioned above a horizontal line.

Greg Abbott (Jan 13, 2021 08:11 MST)

By: Greg Abbott
Title: President & COO
Date: January 11, 2021