

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.

Filing Date (mm/dd/yy): _____ Filing Description:

SPECIFY FILING TYPE Please note only ONE choice allowed per Submission.

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
March 13, 2019

1. The text of the amended provisions to the ICE NGX Canada Inc. ("ICE NGX") Contracting Party Agreement ("CPA") is appended as Attachment A. 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 April 1, 2019.
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

The changes are to facilitate ICE NGX's implementation of the federal carbon levy (the "Carbon Tax") under the *Greenhouse Gas Pollution Pricing Act* (Canada), which becomes effective on April 1, 2019.

In brief, the Carbon Tax is payable on the delivery of, among other fuels, natural gas in Ontario, Manitoba and Saskatchewan, as well as certain other Canadian jurisdictions not relevant to the ICE NGX markets. The Carbon Tax is not payable by the seller for delivery of natural gas if the buyer provides a certificate of registration, as a registered distributor or in another category. In order to reduce the likelihood of having to collect or pay Carbon Tax, we have advised all of our Contracting Parties to register with the Canada Revenue Agency.

ICE NGX intends to recoup any Carbon Tax payable by ICE NGX on any delivery of natural gas from the Contracting Party to which delivery is being made. ICE NGX intends to margin such Carbon Tax amounts.

No other amendments to the CPA are being proposed at this time.

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).

The amendments comply with Core Principle D – Risk Management, as the 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 ability to limit its exposure to potential losses from Carbon Tax relating to delivery of natural gas to ICE NGX Contracting Parties by establishing a power for ICE NGX to recoup any Carbon Tax payable by ICE NGX on any delivery of natural gas from the Contracting Party to which delivery is being made.

No opposing views were expressed in relation to the amendments. The amendments to the CPA 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.



By: Steve Lappin
Title: President
Date: March 12, 2019

APPENDIX

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

[Note: Insertions are underscored; deletions are struck through.]

1.2 Definitions

- p. "Carbon Tax" means the tax imposed under the Carbon Tax Act;
- o. "Carbon Tax Act" means the *Greenhouse Gas Pollution Pricing Act (Canada)*;
- vvv. "Fuel Charge Exemption Certificate" means a certificate evidencing registration under the Carbon Tax Act in the form of Form L401 E available on the website of the Canada Revenue Agency, as that Form L401 E may be amended, modified or replaced from time to time by the Canada Revenue Agency;

[Note: The numbering of subsequent paragraphs in section 1.2 will be updated to reflect the insertion of these new defined terms.]

2.6 Additional Representations of the Contracting Party

Each Contracting Party represents and warrants that:

- i. Carbon Tax Registration. The Contracting Party represents and warrants that the information contained in each Fuel Charge Exemption Certificate it delivers to Exchange is true as at the time of each delivery of natural gas by Exchange to the Contracting Party.

7.27-1 Carbon Tax

a. Delivery by Exchange to the Contracting Party.

- (i) Exchange, to the extent that it is required or permitted under the Carbon Tax Act to register as a "registered distributor" or in any other category of registration under the Carbon Tax Act, shall so register and shall, promptly upon confirmation of such registration, make available its Fuel Charge Exemption Certificate to each Contracting Party.
- (ii) The Contracting Party acknowledges that Exchange will be liable to pay the Carbon Tax applicable on each delivery, as that term is defined and interpreted in the Carbon Tax Act, of natural gas to the Contracting Party unless the Contracting Party has provided its Fuel Charge Exemption Certificate ("Certificate") to Exchange and such Certificate is applicable to each delivery. The Contracting Party agrees that any Carbon Tax amount for which Exchange is liable in respect of a delivery to the Contracting Party shall be payable by the Contracting Party and shall be subject to the Margin Requirement in accordance with this Agreement.
- (iii) Once Exchange's registration has been confirmed, Contracting Parties will be notified of that fact and Exchange's Fuel Charge Exemption Certificate will be

posted on Exchange's website. Exchange's Fuel Charge Exemption Certificate will be available to Contracting Parties upon request.

- (iv) Exchange's Fuel Charge Exemption Certificate is deemed to be delivered to all Contracting Parties once posted on Exchange's website and the Contracting Party acknowledges receipt of Exchange's Fuel Charge Certificate from Exchange on the earlier of the Fuel Charge Certificate being posted on Exchange's website and the Contracting Party receiving Exchange's Fuel Charge Certificate by email from Exchange.

b. Delivery by the Contracting Party to Exchange.

- (i) The Contracting Party, to the extent that it is required or permitted under the Carbon Tax Act to register as a registered distributor, emitter or user of fuel, or in any other category of registration under the Carbon Tax Act, shall so register and shall, promptly upon confirmation of such registration, provide its Fuel Charge Exemption Certificate to Exchange.
- (ii) Exchange acknowledges that the Contracting Party will be liable to pay the Carbon Tax applicable on each delivery, as that term is defined in the Carbon Tax Act, of natural gas to Exchange unless Exchange has provided the Contracting Party with a Fuel Charge Exemption Certificate.
- (iii) Delivery by the Contracting Party of its Fuel Charge Exemption Certificate to Exchange is effective upon acknowledgement of receipt by Exchange.

7.37.2 Tax Legislation

- c. Notwithstanding paragraphs a. and b., Exchange is registered as a "registered distributor" under the Carbon Tax Act.

APPENDIX

[insertions are underscored; deletions are struck through]

AMENDMENTS TO SCHEDULE "C" OF THE ICE NGX CONTRACTING PARTY AGREEMENT

1. DEFINITIONS

- c. "Current Month Accounts Net Payable" means
- i. for a Contracting Party entering into Physically Settled Gas Futures Transactions and/or Physically Settled Power Futures Transactions, the accounts payable owing by Exchange to such Contracting Party less the accounts receivable owing by such Contracting Party to Exchange pursuant to all Physically Settled Gas Futures Transactions and/or Physically Settled Power Futures Transactions, as applicable, delivered to date during that current month, including, with respect to Physically Settled Gas Futures Transactions, Post-Settlement Delivery Adjustments, and Carbon Tax, as applicable; and
 - ii. for a Contracting Party entering into Physically Settled Oil Futures Transactions or Physically Settled Gas Futures Transactions with assigned delivery (as set out in Schedule "J"), up to 100% of the Discretionary Delivery Credit, and Carbon Tax, as applicable;
- i. "Margin Requirement" means, for each Contracting Party, an amount equal to the sum of the Previous Month Accounts Net Payable, Current Month Accounts Net Payable, Futures Settlement Net Payable, MTM Settlement Net Payable, Daily Futures Settlement Net Payable, Option Premium Amounts, Initial Margin and Variation Margin, as applicable, for such Contracting Party, as calculated hereunder;
- o. "Previous Month Accounts Net Payable" means, for a Contracting Party, the accounts payable owing by Exchange to such Contracting Party less the accounts receivable owing by such Contracting Party to Exchange pursuant to all Physical Transactions, and Carbon Tax, as applicable, delivered during the previous calendar month;