

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): _____

Organization: ICE NGX Canada Inc. _____

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

Filing Date (mm/dd/yy): 06/21/2018 Filing Description:

Amendment to Section 3.3 of the Contracting Party Agreement. Withdrawal of previous submission dated June 12, 2018; resubmission regarding same matter.

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

Organization Rules and Rule Amendments

- | | |
|--------------------------------------------------------------|------------|
| <input checked="" type="checkbox"/> Certification | § 40.6(a) |
| <input type="checkbox"/> Approval | § 40.5(a) |
| <input type="checkbox"/> Notification | § 40.6(d) |
| <input type="checkbox"/> Advance Notice of SIDCO Rule Change | § 40.10(a) |
| <input type="checkbox"/> SIDCO Emergency Rule Change | § 40.10(h) |

Rule Numbers: _____

New Product

Please note only ONE product per Submission.

- | | |
|----------------------------------------------------------------|------------|
| <input type="checkbox"/> Certification | § 40.2(a) |
| <input type="checkbox"/> Certification Security Futures | § 41.23(a) |
| <input type="checkbox"/> Certification Swap Class | § 40.2(d) |
| <input type="checkbox"/> Approval | § 40.3(a) |
| <input type="checkbox"/> Approval Security Futures | § 41.23(b) |
| <input type="checkbox"/> Novel Derivative Product Notification | § 40.12(a) |
| <input type="checkbox"/> Swap Submission | § 39.5 |

Official Product Name: _____

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

- | | |
|----------------------------------------------------------------------------------|----------------------|
| <input type="checkbox"/> Certification | § 40.6(a) |
| <input type="checkbox"/> Certification Made Available to Trade Determination | § 40.6(a) |
| <input type="checkbox"/> Certification Security Futures | § 41.24(a) |
| <input type="checkbox"/> Delisting (No Open Interest) | § 40.6(a) |
| <input type="checkbox"/> Approval | § 40.5(a) |
| <input type="checkbox"/> Approval Made Available to Trade Determination | § 40.5(a) |
| <input type="checkbox"/> Approval Security Futures | § 41.24(b) |
| <input type="checkbox"/> Approval Amendments to enumerated agricultural products | § 40.4(a), § 40.5(a) |
| <input type="checkbox"/> "Non-Material Agricultural Rule Change" | § 40.4(b)(5) |
| <input type="checkbox"/> Notification | § 40.6(d) |

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

Rule Numbers: _____

ICE NGX Canada Inc.
Rule Amendment Submission
June 21, 2018

1. ICE NGX Canada Inc. (“NGX DCO”) is withdrawing its submission under Commission Rule 40.6(a), dated June 12, 2018, and is making this submission regarding the same subject matter.
2. The text of the rule changes to the ICE NGX Canada Inc. (“NGX DCO”) Contracting Party Agreement (“CPA”), NGX DCO’s Rulebook, is attached as Attachment A (the “Amendment”). Additions are underlined and deletions are stricken through. The Amendment has been approved by NGX DCO. Capitalized terms, unless otherwise defined herein, shall possess the meaning(s) ascribed in the CPA.
3. The proposed effective date of the Amendment is ten business days after receipt by the Commodity Futures Trading Commission (“CFTC” or “Commission”) of this submission.
4. Attached, please find a certification that: (1) these rules comply with the Commodity Exchange Act and the Commission’s regulations thereunder; and (2) concurrent with this submission, NGX DCO posted on its website: (i) a notice of pending certification of the rule submissions with the Commission; and (ii) a copy of this submission.
5. A concise explanation and analysis of the operation, purpose, and effect of the Amendment appear below.
6. There were no opposing views expressed regarding the Amendment.

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CONCISE EXPLANATION AND ANALYSIS OF THE OPERATION, PURPOSE, AND
EFFECT OF THE CERTIFIED RULE 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 Amendment.

Under the CPA, each contracting party grants NGX DCO a first priority security interest in certain of its cash collateral, among other things (the “Assets”). The CPA also contains the text stricken in Attachment A, which indicates such Assets would not constitute collateral if NGX DCO is unable to register a first priority security interest against the contracting party in the Assets. Although this language may have been added to the CPA to clarify that a security interest in the Assets that is anything less than first priority is not acceptable collateral under the CPA, it could be interpreted as extinguishing any security interest that does not provide first priority to NGX DCO. This is not the intended interpretation. With the removal of the stricken text in Attachment A, Section 3.3(b) of the CPA as a whole continues to grant NGX DCO a first priority security interest in the Assets, without introducing the unintended ambiguity described herein. Please also

note that the text stricken in Attachment A was inserted into Section 3.3(b) of the CPA for clarity and its addition and subsequent removal do not change the effect of this section.

The Amendment is potentially relevant to the following core principles (F) Treatment of Funds and (R) Legal Risk and the applicable regulations of the Commission thereunder, as it clarifies NGX DCO's security interest in the Assets. The Amendment is consistent with the DCO holding funds and assets belonging to clearing members in a manner which minimizes the risk of loss or of delay in the access by the DCO to such funds and assets. The Amendment is also consistent with NGX DCO operating pursuant to a well-founded, transparent, and enforceable legal framework with respect to its interest in collateral. As a result, in NGX DCO's view, the Amendment is consistent with the requirements of Core Principle F and R and Commission Rules 39.15(c) and 37.27(b).

ATTACHMENT A—RULE AMENDMENTS

Additions are underscored, deletions are stricken.

3.3 Eligible Collateral Support and Collateral

- b. Grant of Security – As security for the payment and performance of its Obligations, the Contracting Party does hereby assign, pledge and grant to Exchange a first-ranking security interest in and lien on all estate, right, title and interest of the Contracting Party in and to:
- (i) any and all cash (including, without limitation, any cash delivered as Eligible Collateral Support), monies and interest bearing instruments contemplated by Section 3.3(j) delivered to, deposited with, or held by or on behalf of Exchange (with the exception of Retained Settlement Amounts);
 - (ii) any rights to payment or performance owing from Exchange including, without limitation:
 - (I) any Previous Month Accounts Net Payable for such Contracting Party;
 - (II) any Current Month Accounts Net Payable owed by Exchange to the Contracting Party;
 - (III) any Financially Settled Futures Settlement Net Payable, MTM Settlement Net Payable or Daily Financially Settled Futures Settlement Net Payable for such Contracting Party; and
 - (IV) any Variation Margin for such Contracting Party; and
 - (iii) all proceeds (as such term is defined in the *Personal Property Security Act* (Alberta)) of any of the foregoing,

(collectively, and together with any letter of credit constituting Eligible Collateral Support, the “Collateral”).

~~For greater clarity, if Exchange is unable for any reason to register its security interest in the Collateral as first in priority to any other security interest registered against the Contracting Party in such Collateral, then the foregoing shall not constitute Collateral.~~

Upon any of the Collateral being returned or paid to the Contracting Party, the said Collateral shall be released from the Liens granted to Exchange by the Contracting Party hereunder. Any Lien granted as contemplated above attaches upon execution and delivery of this Agreement or, in the case of Collateral delivered to, deposited with, or held by or on behalf of Exchange, upon the delivery, deposit or holding of such Collateral to, with, by or on behalf of Exchange, or in the case of rights to payment or performance in favour of the Contracting Party under any Transaction, at the time such Transaction is entered into.

Exchange may file or record this Agreement or any financing statement, security notice or similar instrument in any public office as may be necessary to establish, perfect or maintain the interests of Exchange as a secured party. The Contracting Party hereby waives any requirement of the applicable personal property security legislation or similar legislation to provide a verification statement to the Contracting Party upon registration of any such Agreement, financing statement, security notice or similar instrument. Upon the full, final and indefeasible satisfaction of all Obligations, and termination of this Agreement, the Lien shall cease and determine, all rights and interests in the Collateral granted hereunder and hereby will revert to and revest in the Contracting Party without further act or formality whatsoever, whereupon Exchange shall, at the request and cost of the Contracting Party, execute such releases or discharges of the Lien or of such filings or recordations, prepared by or on behalf of the Contracting Party and acceptable to Exchange, without recourse to or warranty by Exchange. Exchange shall not have any duty or obligation in respect of any Collateral except the obligation to keep the same with the same degree of care as it keeps its own property of a similar type, and in particular shall not be responsible for or by reason of any loss arising from any failure of Exchange's Principal Banker (whether as a result of bankruptcy, insolvency or otherwise) with which any amount paid by or on behalf of the Contracting Party as Collateral will have been deposited or placed for safekeeping. No Obligation shall be considered to have been discharged by reason of the existence of the Lien or the rights herein provided unless (and then only to the extent that) Exchange has finally and indefeasibly collected and applied to such Obligation any amount held as or obtained in respect of Collateral or the net proceeds (after satisfying any costs of realization) of realization of any Collateral or has drawn down upon any letter of credit and applied the same to such Obligation or has applied any amount owing by Exchange to the satisfaction thereof and so advised the Contracting Party in writing. The Contracting Party hereby represents and warrants that all Collateral provided to Exchange from time to time is and will be free and clear from any Liens ranking in priority to or equally with the rights of Exchange to such Collateral and that the Lien herein provided to Exchange is and will be a valid first ranking Lien on the Collateral. Exchange and the Contracting Party agree that all Eligible Collateral Support and all Collateral shall constitute "financial collateral" as that term is used in section 11.1 of the CCAA; section 66.34 of the BIA; section 22.1 of the WRA and any successor or like Canadian statutory provisions.

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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 Rules above 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 the above Rules with the Commission; and
 - (b) a copy of this submission.



By: Stephen Lappin
Title: President and COO
Date: June 21, 2018