



June 29, 2021

**VIA CFTC PORTAL**

Mr. Christopher Kirkpatrick  
Secretary of the Commission  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, NW  
Washington, DC 20581

**Re: ICE NGX Self-Certification of Rule Amendments: Contracting Party Agreement - Submission Pursuant to Section 5c(c)(1) of the Commodity Exchange Act and Commission Regulation 40.6(a)**

Dear Mr. Kirkpatrick:

In accordance with 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 Contracting Party Agreement (“CPA”). 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).

ICE NGX intends to implement the amendments on July 26, 2021, or such later date as ICE NGX may designate.

**1. Overview**

ICE NGX is making certain amendments (the “Amendments”) to the CPA to:

- add the ERCOT Solar Shape Products as new physically-settled futures contracts in the ERCOT power region;
- update and enhance the provisions relating to regulatory and compliance matters, including relating to participants’ trading conduct;
- correct an omission in the General Suspension powers; and
- clarify the representations and warranties made by a Contracting Party transacting in physical natural gas contracts at U.S. delivery points.

The text of the amended CPA provisions is attached as the Appendix to this letter.



## 2. ERCOT Solar Shape Products

ICE NGX is adding eight (8) new physically-settled power products in the ERCOT power region. The ERCOT Solar Shape Products will allow ICE NGX Contracting Parties on both the generation and load sides of the market to participate in trading and clearing power in the ERCOT market in line with the shape of the solar generation curve.

The ERCOT Solar Shape Products meet ICE NGX’s product eligibility standards, developed in accordance with Core Principle C, including, in particular, ICE NGX’s ability to manage the risks associated with the ERCOT Solar Shape Products.

ICE NGX intends to implement the ERCOT Solar Shape Products for trading beginning July 26, 2021.

### ***Terms and Conditions of the ERCOT Solar Shape Products***

<b>Product Name</b>	<b>Hub Name</b>	<b>Hub Operator</b>
Phys FUT, FP, HE 10-17	North 345kV Hub	ERCOT
Phys FUT, FP, HE 10-17	South 345kV Hub	ERCOT
Phys FUT, FP, HE 10-17	Houston 345kV Hub	ERCOT
Phys FUT, FP, HE 10-17	West 345kV Hub	ERCOT
Phys FUT, FP, HE 10-17 7x	North 345kV Hub	ERCOT
Phys FUT, FP, HE 10-17 7x	South 345kV Hub	ERCOT
Phys FUT, FP, HE 10-17 7x	Houston 345kV Hub	ERCOT
Phys FUT, FP, HE 10-17 7x	West 345kV Hub	ERCOT

The ERCOT Solar Shape Products are reflected as amendments to Schedule “D” of the CPA. The revisions to Schedule “D” - ICE NGX Product List to reflect the ERCOT Solar Shape Products are included in the Appendix to this letter.

ICE NGX will provide the ERCOT Solar Shape Products to our customers to be settled in accordance with the same terms as ICE NGX’s other ERCOT power product offerings.

## 3. Details of Rule Changes

### ***Regulatory & Compliance Matters***

The CPA establishes, in Article 6, the framework for ICE NGX to monitor compliance with its rules, and for ICE NGX to prosecute non-compliance with the rules. The Amendments are intended to clarify and enhance the relevant provisions of Article 6 and other related provisions in the CPA, including to:

- (a) provide for a consistent definition of “Rules” and clarify the authority of Compliance staff;
- (b) update, clarify and enhance the list of prohibited activities by (i) listing out the individual violations, using updated, industry-standard wording that will be familiar to most market participants; (ii) enhancing the description of certain violations, such as spoofing; and (iii)



certain violations are removed from 6.1. which are either already covered elsewhere in the CPA or are not properly within the jurisdiction of ICE NGX; and

- (c) enhance the authority of the Disciplinary Committee in respect of a Contracting Party Suspension.

### ***General Suspension***

The CPA grants ICE NGX the authority, in certain circumstances, to declare a “General Suspension”. The CPA defines “General Suspension” as the termination of access to trading and/or clearing access for all Contracting Parties in relation to some or all products, whether on a temporary or longer basis.

The amendments to section 6.4 of the CPA correct an omission, by extending the authority to declare a General Suspension to also cover physical natural gas products at Assigned Delivery (“AD”) points.

### ***Contracting Party Representations and Warranties***

The amendments to Schedules “G” and “J” to the CPA correct an error, by clarifying that the Contracting Party is making all of the listed representations and warranties in respect of physically settled natural gas contracts for delivery at U.S. delivery points and U.S. AD delivery points.

## **4. Compliance with the Act and Regulations**

ICE NGX reviewed the Amendments and determined that they comply with the requirements of the Act and the rules and regulations promulgated by the Commission in implementing the Act. In this regard, ICE NGX reviewed the derivatives clearing organizations core principles (“Core Principles”) and determined that the amendments are potentially relevant to the following Core Principles and the applicable regulations of the Commission thereunder.

Participant and Product Eligibility (Core Principle C): The Amendments relating to the ERCOT Solar Shape Products comply with Core Principle C - Participant and Product Eligibility and Commission Regulation 39.12, as the ERCOT Solar Shape Products meet ICE NGX’s product eligibility standards, developed in accordance with Core Principle C, including, in particular, ICE NGX’s ability to manage the risks associated with the ERCOT Solar Shape Products

Participant and Product Eligibility (Core Principle C): The Amendments relating to Regulatory & Compliance facilitate ICE NGX’s compliance with Core Principle C - Participant and Product Eligibility and Commission Regulation 39.12, as the Amendments clarify and enhance ICE NGX’s authority to monitor for and investigate potential non-compliance by Contracting Parties with ICE NGX’s Rules (as defined in the Amendments).

Risk Management (Core Principle D): The Amendments relating to General Suspensions facilitate ICE NGX’s compliance with Core Principle D - Risk management and Commission Regulation 39.13, as the Amendments enhance ICE NGX’s additional authority to act to protect the derivatives clearing organization. Specifically, the amendments strengthen ICE NGX’s authority to take appropriate action to manage risks through a General Suspension in extreme circumstances.



Settlement Procedures (Core Principle E): The Amendments relating to Contracting Party representations and warranties in physically-settled U.S. natural gas products facilitate ICE NGX's compliance with Core Principle E - Settlement procedures and Commission Regulation 39.14, as the Amendments correct errors in the relevant provisions. Specifically, the Amendments clarify that a Contracting Party is making each of the listed representations and warranties, and not one of the listed representations and warranties at its election.

#### 4. Certifications

ICE NGX hereby certifies that the Amendments to the CPA discussed in this submission comply with the Act and the rules and regulations promulgated by the Commission thereunder. ICE NGX is not aware of any substantive opposing views expressed regarding the Amendments. ICE NGX further certifies that, concurrent with this filing, a copy of the submission was posted on ICE NGX's website and may be accessed at <https://www.theice.com/ngx>.

\* \* \* \* \*

Please do not hesitate to contact me (403-974-1740) or our President & COO, Greg Abbott (403-974-1740) for any further information the Commission or its staff may require in connection with this notice.

Yours truly,

Martin McGregor  
General Counsel & CCO  
Encls.

cc: Greg Abbott, ICE NGX



## APPENDIX

### AMENDMENTS TO THE ICE NGX CONTRACTING PARTY AGREEMENT

#### TERMS AND CONDITIONS

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

#### 1.2 Definitions

...

“Agreement” means, collectively, the Execution Page, the Terms and Conditions and all Schedules, each as may be amended, restated or replaced from time to time in accordance with this Agreement ~~which collectively shall constitute the Rules of ICE NGX Trading and Clearing Systems;~~

“Rules” means this Contracting Party Agreement, all Schedules thereto, and any interpretations, guidance, or similar notices issued by Exchange regarding the Contracting Party Agreement;

...

#### 1.6 Standard Contracting Party Agreement

This Agreement will be the standard form of agreement between Exchange and each of the Contracting Parties in respect of the ICE NGX Trading System and ICE NGX Clearing System (the “Contracting Party Agreement”); the intention being that each of the Contracting Parties will be equal in respect of their respective rights and Obligations, except as specifically otherwise provided in the Contracting Party Agreement. ~~It further being the intention that the Contracting Party Agreement shall constitute the rules of ICE NGX Trading System and ICE NGX Clearing System and that e~~Each Contracting Party, by entering into the Contracting Party Agreement, shall be bound by the Contracting Party Agreement, acknowledges that the provisions of the Agreement form part of the Rules of the Exchange, and acknowledges the jurisdiction of Exchange. Exchange will publish provide the Contracting Party with a list of all the other Contracting Parties on request~~Exchange’s Website.~~

...

### ARTICLE 6 – CODE OF CONDUCT REGULATORY AND COMPLIANCE

#### 6.1 ~~Code of Conduct: Prohibitions~~

The Contracting Party agrees that it will not:



- a. engage in any of the following market actions or activity:
- ~~(i)~~ manipulate ~~manipulating~~ or attempting to manipulate prices of any Product offered by Exchange; ~~including, without limitation, by~~
  - ~~(ii)~~ spreading inaccurate information about the market that may influence prices on the Exchange;
  - ~~(iii)~~ reporting false transactions to the Exchange;
  - ~~(iv)~~ arranging and executing wash transactions, or money passes;
  - ~~(v)~~ conducting fraudulent transactions;
  - ~~(vi)~~ participating in non-competitive transactions, other than as permitted under these Rules; or
  - ~~(vii)~~ entering orders, or causing orders to be entered, other than in good faith for the purpose of executing bona fide transactions;
- ~~any other act designed or intended to artificially affect reported revenues;~~
- b. collude with other market participants to affect the price or supply of any commodity, market or tenor, allocate territories, customers or products, or otherwise unlawfully constrain competition;
- ~~c. conduct trading with the intent of misrepresenting the financial condition of the Contracting Party or its related entities;~~
- ~~cd.~~ engage in any act of fraud, bad faith, extortion, dishonest conduct, misrepresentation, or material misstatement, or any other unlawful activity including, without limitation, in respect of any information provided to Exchange, including financial information, or matter pertaining to the performance of any Transaction or in any other dealing with Exchange or the other Contracting Parties;
- ~~de.~~ wilfully or negligently engage in unauthorized access to the Exchange, or assist a party in obtaining unauthorized access to the Exchange; or
- ~~ef.~~ commit any act, or do anything, which is, or could foreseeably be, in substance, detrimental to the interests, welfare or integrity of Exchange, the ICE Trading Platform, ICE NGX Trading System or ICE NGX Clearing System.

## 6.2 Trade Practice Oversight

- a. Compliance staff shall have the ~~right~~ authority to
- ~~(i)~~ to monitor activities in respect of the entering into and performance of Transactions through the ICE NGX Trading System, the ICE Trading Platform, and/or the ICE NGX Clearing System,
  - ~~(ii)~~ to conduct investigations of possible violations of section 6.1 the Rules, and to request the production of and examine any documents, and



- (iii) make inquiries and do such other things as are reasonably necessary or advisable to verify compliance by all Contracting Parties with ~~section 6.4~~ the Rules.
- b. The Contracting Party agrees to promptly provide to compliance staff copies, if requested, of documents and records related to its activities pursuant to this Agreement and agrees it will ensure that any such information is accurate. The Contracting Party will cause a person under the control or direction of the Contracting Party who is reasonably knowledgeable in respect of the relevant activities of the Contracting Party ~~under this Agreement~~ to be available by phone or at the offices of Exchange in Calgary at a reasonable time and for a reasonable period in respect of any ~~such request~~ inquiry by compliance staff.
- c. The Chief Compliance Officer has the authority to:
  - (i) direct that compliance staff make further ~~inquiries~~ enquiries;
  - (ii) refer the matter to the Disciplinary Committee;
  - (iii) issue a warning letter to the Contracting Party, informing it that there may have been a violation of ~~Exchange the Rules~~, and that a continuation of such activity may result in disciplinary action; or
  - (iv) where the Chief Compliance Officer is of the opinion that a violation has occurred, enter into a written settlement agreement with the Contracting Party, whereby the Contracting Party, with or without ~~the admission of~~ admitting guilt, may agree to
    - (I) a cease and desist order or a reprimand;
    - (II) a fine of up to \$100,000 for each violation alleged plus the monetary value of any gains received as a result of the alleged violation; and/or
    - (III) a Contracting Party Suspension.
- d. The Disciplinary Committee has authority to:
  - ...
  - (v) cause a Contracting Party Suspension, which. ~~Such Contracting Party Suspension~~ shall take effect immediately upon the provision of notice to the effected Contracting Party for the term specified in such notice, and extend, vary or withdraw any such Contracting Party Suspension; and/or
  - ...



### 6.3

### Hearings

...

- c. Hearing Procedures – Hearings will be conducted by a Hearing Panel in accordance with Exchange’s hearing procedures, as amended from time to time. Each of Athe Contracting Party and Exchange will be entitled to be represented by counsel and to present witnesses and documentary evidence. No formal rules of evidence shall apply, and the Hearing Panel shall be entitled to accept or reject any evidence it considers proper.
- d. Decisions of the Hearing Panel – The Hearing Panel may confirm, vary or reverse a decision of the Disciplinary Committee. A written decision setting out the Hearing Panel’s reasons for decision will be provided to the Contracting Party.

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### 6.4 Additional Remedies Available to Exchange

- a. General Suspension – Exchange, in its sole discretion, may, but is not obligated to, cause a General Suspension for such period as it believes necessary or advisable if Exchange believes any of the following events or conditions are occurring or have occurred:

...

- (iv) any event which constitutes, or may in the opinion of Exchange constitute, a force majeure event, as defined in Schedules “F”, “G”, “J” or “K”;

...

### AMENDMENTS TO SCHEDULE “G” - PHYSICALLY SETTLED GAS FUTURES CONTRACTS - U.S. DELIVERY POINTS.

...

## 8. REPRESENTATIONS AND WARRANTIES OF THE CONTRACTING PARTY

The Contracting Party represents and warrants in respect of any Physically Settled Gas Futures Transaction entered into by such Contracting Party that at the time of delivery or receipt:

- a. If it is the Seller:
  - (i) it has the full right and authority to sell gas;
  - (ii) it owns and has title to gas, or irrevocable authority to sell gas;
  - (iii) any gas delivered to Exchange shall be free from all royalty payments, Liens or encumbrances whatsoever; and ~~or~~





- (iv) it has all necessary rights and entitlements with the applicable Delivery Point Operator for the delivery of gas on a firm basis at the applicable Delivery Point with sufficient inventory to deliver the net Daily Contract Quantity sold for each Gas Day.

b. If the Buyer:

- (i) it has the full right and authority to purchase gas; and~~or~~
- (ii) it has all necessary rights and entitlements with the applicable Delivery Point Operator to take gas on a firm basis at the applicable Delivery Point with sufficient capacity to take the net Daily Contract Quantity purchased for each Gas Day.

...

**AMENDMENTS TO SCHEDULE "J" - PHYSICALLY SETTLED GAS FUTURES  
CONTRACTS WITH ASSIGNED DELIVERY - U.S. DELIVERY POINTS**

...

**8. REPRESENTATIONS AND WARRANTIES OF THE CONTRACTING PARTY**

The Contracting Party represents and warrants in respect of any Physically Settled Gas Futures Transaction entered into by such Contracting Party that at the time of delivery or receipt:

a. If it is the Seller:

- (i) it has the full right and authority to sell gas;
- (ii) it owns and has title to gas, or irrevocable authority to sell gas;
- (iii) any gas delivered to Exchange shall be free from all royalty payments, Liens or encumbrances whatsoever; and~~or~~
- (iv) it has all necessary rights and entitlements with the applicable Delivery Point Operator for the delivery of gas on a firm basis at the applicable Delivery Point with sufficient inventory to deliver the net Daily Contract Quantity sold for each Gas Day.

b. If the Buyer:

- (i) it has the full right and authority to purchase gas; and~~or~~
- (ii) it has all necessary rights and entitlements with the applicable Delivery Point Operator to take gas on a firm basis at the applicable Delivery Point with sufficient capacity to take the net Daily Contract Quantity purchased for each Gas Day.



## AMENDMENTS TO SCHEDULE “D” - ICE NGX PRODUCT LIST

[Note: Only the rows that are being changed in Schedule “D” are shown below.]

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

### ICE NGX PHYSICAL POWER PRODUCTS - U.S.

Product Name on ICE	Hub Name	NGX Product = NGX; NGX Cleared Product = ICE	Phys or Fin	Product Type	Unit / Currency	Floating Price - Index 1	Floating Price - Index 2	Index 1 Publication	Index 2 Publication	Hub Operator or U.S. Hub Operator	Tariff	Accessed via WebICE and trades / Clears as NGX:	OTC Clears thru DCO as: (EFRP)	Minimum Futures Block Size (MWh)
Phys FUT, FP, HE 10-17	<u>North 345kV Hub</u>	ICE	Phys	FP	USD/MWh					ERCOT	ERCOT Protocols	<u>Physically Settled Future</u>	<u>Physically Settled Future</u>	1
Phys FUT, FP, HE 10-17	<u>South 345kV Hub</u>	ICE	Phys	FP	USD/MWh					ERCOT	ERCOT Protocols	<u>Physically Settled Future</u>	<u>Physically Settled Future</u>	1
Phys FUT, FP, HE 10-17	<u>Houston 345kV Hub</u>	ICE	Phys	FP	USD/MWh					ERCOT	ERCOT Protocols	<u>Physically Settled Future</u>	<u>Physically Settled Future</u>	1
Phys FUT, FP, HE 10-17	<u>West 345kV Hub</u>	ICE	Phys	FP	USD/MWh					ERCOT	ERCOT Protocols	<u>Physically Settled Future</u>	<u>Physically Settled Future</u>	1
Phys FUT, FP, HE 10-17 7x	<u>North 345kV Hub</u>	ICE	Phys	FP	USD/MWh					ERCOT	ERCOT Protocols	<u>Physically Settled Future</u>	<u>Physically Settled Future</u>	1
Phys FUT, FP, HE 10-17 7x	<u>South 345kV Hub</u>	ICE	Phys	FP	USD/MWh					ERCOT	ERCOT Protocols	<u>Physically Settled Future</u>	<u>Physically Settled Future</u>	1
Phys FUT, FP, HE 10-17 7x	<u>Houston 345kV Hub</u>	ICE	Phys	FP	USD/MWh					ERCOT	ERCOT Protocols	<u>Physically Settled Future</u>	<u>Physically Settled Future</u>	1
Phys FUT, FP, HE 10-17 7x	<u>West 345kV Hub</u>	ICE	Phys	FP	USD/MWh					ERCOT	ERCOT Protocols	<u>Physically Settled Future</u>	<u>Physically Settled Future</u>	1