



FOIA CONFIDENTIAL TREATMENT REQUESTED

July 8, 2022

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 make certain amendments (the “Amendments”) to the ICE NGX Risk Management Framework (“RMF”). The RMF is a “rule” as that term is defined under Commission Regulation 40.1(i).

ICE NGX intends to implement the Amendments on August 8, 2022, or such later date as ICE NGX may designate.

ICE NGX has respectfully requested confidential treatment for the RMF amendments and the confidential description thereof, both of which were submitted concurrently with this submission.

1. Overview

ICE NGX is making this submission to implement the Amendments to the ICE NGX RMF to (each as further described below):

- document ICE NGX’s intraday risk monitoring procedures;
- add clarifying detail regarding ICE NGX’s stress testing backtesting processes;
- further document certain details regarding ICE NGX’s liquidity resources framework;
- reflect ICE NGX’s more granular Shortfall Allowance buckets; and
- streamline the collateral utilization thresholds that ICE NGX monitors and at which ICE NGX has the authority to liquidate a portfolio.



2. Details of Rule Changes

Amendments relating to Intraday Risk Management

The Amendments document and establish ICE NGX 's intraday risk management practices, specifically with respect to intraday monitoring of changes in clearing account exposure and intraday monitoring of price volatility.

Amendments relating to Shortfall Allowance

The Amendments reflect an enhancement to the granularity of ICE NGX's Shortfall Allowance buckets, designed to improve the margining efficiency for small- to medium-sized Contracting Parties while also improving consistency and reliance on objective criteria in determining a Contracting Party's Shortfall Allowance.

Amendments relating to Financial Resources Framework

The Amendments add additional clarifying detail regarding ICE NGX's stress testing backtesting processes.

Amendments relating to Liquidity Resources Framework

The Amendments further document certain aspects of ICE NGX's liquidity resources framework relating to model assumptions and sensitivity analysis.

Amendments relating to Collateral Monitoring Thresholds

ICE NGX monitors each Contracting Party's Initial Margin Requirement against the overall value of the Contracting Party's collateral held by ICE NGX to meet the Initial Margin Requirement (referred to in the RMF and the ICE NGX Contracting Party Agreement ("CPA") as the Contracting Party's "Net Equity"). More specifically, ICE NGX monitors the utilization of Net Equity against certain thresholds that trigger ICE NGX's authority to take various risk mitigation actions.

The Amendments change the collateral utilization threshold at which ICE NGX may invoke the liquidation and close-out procedure, from 95% to 100% of Net Equity, to align with ICE NGX's current practices and to streamline the collateral utilization thresholds that ICE NGX monitors.

ICE NGX intends to implement corresponding amendments to the CPA, self-certification of which was submitted by ICE NGX to the Commission on the date of this submission.

3. Compliance with Core Principles

ICE NGX reviewed the Amendments and determined that they comply with the rules and regulations of the Commission. In this regard, ICE NGX reviewed the derivatives clearing organization ("DCO") core principles (each a "Core Principle") 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 Amendments are consistent with Core Principle A - Compliance and Commission Regulation 39.10, as the Amendments clarify and enhance ICE NGX's policies and procedures for complying with Commission regulations and internal policies.



Financial Resources (Core Principle B): The Amendments are consistent with Core Principle B - Financial Resources and Commission Regulations

- § 39.11(c)(1), as the Amendments relating to Financial Resources Framework enhance the documentation of ICE NGX's procedures relating to ongoing monitoring the adequacy of the financial resources stress testing required under § 39.11(a)(1) for ICE NGX to meet its financial obligations to its clearing members notwithstanding a default by the clearing member creating the largest financial exposure for the derivatives clearing organization in extreme but plausible market conditions;
- § 39.11(e)(1)(i), as the Amendments relating to Liquidity Resources Framework enhance the documentation of ICE NGX's assumptions relating to availability of liquidity resources and ICE NGX's sensitivity analysis of its liquidity requirements and liquidity resources.

Risk Management (Core Principle D): The Amendments are consistent with Core Principle D - Risk Management and Commission Regulations

- § 39.13(e)(2), as the Amendments relating to Intraday Risk Management establish ICE NGX's processes for periodic monitoring of changes in credit exposure to its clearing participants during each business day and expected responses to alerts;
- § 39.13(e), as the Amendments relating to Collateral Utilization Thresholds streamline and clarify the collateral utilization thresholds monitored by ICE NGX as part of measuring and monitoring ICE NGX's credit exposure to its clearing participants during each business day and expected responses to alerts;
- § 39.13(f), as the Amendments relating to Collateral Utilization Thresholds streamline the collateral utilization threshold at which ICE NGX may invoke liquidate and close out a portfolio, reflecting ICE NGX's current practices to limit its exposure to potential losses from defaults by its clearing members;
- § 39.13(g)(5), as the Amendments relating to Intraday Risk Management establish ICE NGX's processes for periodic monitoring of intraday price volatility and expected responses to alerts, and enhance ICE NGX's price data for risk monitoring purposes;
- § 39.13(h)(1), as the Amendments relating to Shortfall Allowance provide additional granularity to enhance ICE NGX's Shortfall Allowance and Shortfall Margin, which function as a risk limit to prevent a clearing participant building up risk exposure beyond their credit capacity; and
- § 39.13(h)(3), as the Amendments relating to Financial Resources Framework enhance the documentation of ICE NGX's stress testing backtesting procedures.

4. Certifications

ICE NGX certifies that the proposed 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 the 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 written over a horizontal line.

By: Greg Abbott
Title: President and COO
Date: July 8, 2022