

SUBMISSION COVER SHEET

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Registered Entity Identifier Code (optional): _____

Organization: _____

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

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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
July 8, 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 July 29, 2019 or such later date as determined by ICE NGX.
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

ICE NGX is amending the CPA to (i) reflect certain characteristics of ten physically-settled power futures transactions (the "**New Futures Contracts**") in the ERCOT market with their delivery points at Panhandle 345kV Hub. ICE NGX intends to implement the New Futures Contracts on July 29, 2019 (or on such later date as may be designated by ICE NGX).

ICE NGX will provide the New Futures Contracts to our customers to be settled in accordance with the same terms as ICE NGX's other ERCOT power product offerings.

The addition of the New Futures Contracts will complement our existing product offering. Furthermore, the New Futures Contracts will allow our customers to better shape their load profiles in the ERCOT market. ICE NGX believes the New Futures contracts will not be susceptible to manipulation for the following reasons: (i) the addition of the New Futures Contracts will improve pricing transparency to the existing market; (ii) ICE NGX expects that the market participants trading in these products are the same as currently trade in the ERCOT power markets.

Enhancement to the Calculation of Margin Utilization

As previously discussed with Commission staff, we are also making this submission to change the CPA with respect to how ICE NGX calculates margin utilization by Contracting Parties. As you are aware, per the terms

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).

of the CPA, ICE NGX may call for additional margin from a CP when the amount of IM that ICE NGX holds on behalf of the CP reaches 80% of the CP's IM requirement, as calculated by ICE NGX's margin model.

The change will result in a more balanced calculation of margin utilization across the different types of CPs - i.e., net sellers, who are typically producers, and net buyers. We intend to implement the change to our calculation of margin utilization by the end of July 2019.

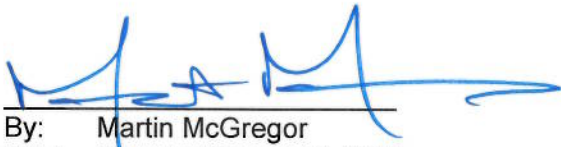
The amendments comply with Core Principle D - Risk Management, as the amendments enhance ICE NGX's ability to manage the risks associated with discharging ICE NGX's responsibilities as derivatives clearing organization. Specifically, the amendments enhance ICE NGX's ability to manage the risks associated with the potential failure to deliver by a Contracting Party that is a net seller, in the same manner as ICE NGX manages the risks associated with a potential failure to take by a Contracting Party.

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: Martin McGregor
Title: General Counsel & CCO
Date: July 8, 2019

ATTACHMENT A

APPENDIX

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

CHANGES TO SCHEDULE "D" – ICE NGX PRODUCT LIST

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

Terms and Conditions of the New Futures Contracts

The New Futures Contracts are listed below as they will appear in Schedule "D" of ICE NGX's Contracting Party Agreement ("**CPA**"):

Product Name	Hub Name	Hub Operator
Phys FUT, FP, ATC	Panhandle 345kV Hub	ERCOT
Phys FUT, FP, Off Peak	Panhandle 345kV Hub	ERCOT
Phys FUT, FP, Off Pk Wknd	Panhandle 345kV Hub	ERCOT
Phys FUT, FP, Peak	Panhandle 345kV Hub	ERCOT
Phys FUT, FP, WRAP	Panhandle 345kV Hub	ERCOT
Phys FUT, HR, ATC	Panhandle 345kV Hub	ERCOT
Phys FUT, HR, Off Peak	Panhandle 345kV Hub	ERCOT
Phys FUT, HR, Off Pk Wknd	Panhandle 345kV Hub	ERCOT
Phys FUT, HR, Peak	Panhandle 345kV Hub	ERCOT
Phys FUT, HR, WRAP	Panhandle 345kV Hub	ERCOT

AMENDMENTS TO THE SCHEDULES TO THE ICE NGX CONTRACTING PARTY AGREEMENT

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

CHANGES TO SCHEDULE "D" – ICE NGX PRODUCT LIST

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

ICE NGX PHYSICAL POWER PRODUCTS - U.S.

Product Name on ICE	Hub Name	Cleared	Phys or Fin	Type	Currency	Operator	Tariff	NGX:	(EFRP)	(MWh)
Phys FUT, FP, ATC	<u>Panhandle 345KV Hub</u>	<u>ICE</u>	Phys	FP	USD/MWh	ERCOT	ERCOT Protocols	Physically Settled Future	Physically Settled Future	1
Phys FUT, FP, Off Peak	<u>Panhandle 345KV Hub</u>	<u>ICE</u>	Phys	FP	USD/MWh	ERCOT	ERCOT Protocols	Physically Settled Future	Physically Settled Future	1
Phys FUT, FP, Off Pk Wkend	<u>Panhandle 345KV Hub</u>	<u>ICE</u>	Phys	FP	USD/MWh	ERCOT	ERCOT Protocols	Physically Settled Future	Physically Settled Future	1
Phys FUT, FP, Peak	<u>Panhandle 345KV Hub</u>	<u>ICE</u>	Phys	FP	USD/MWh	ERCOT	ERCOT Protocols	Physically Settled Future	Physically Settled Future	1
Phys FUT, FP, WRAP	<u>Panhandle 345KV Hub</u>	<u>ICE</u>	Phys	FP	USD/MWh	ERCOT	ERCOT Protocols	Physically Settled Future	Physically Settled Future	1
Phys FUT, HR, ATC	<u>Panhandle 345KV Hub</u>	<u>ICE</u>	Phys	HR	USD/MWh	ERCOT	ERCOT Protocols	Physically Settled Future	Physically Settled Future	1
Phys FUT, HR, Off Peak	<u>Panhandle 345KV Hub</u>	<u>ICE</u>	Phys	HR	USD/MWh	ERCOT	ERCOT Protocols	Physically Settled Future	Physically Settled Future	1
Phys FUT, HR, Off Pk Wkend	<u>Panhandle 345KV Hub</u>	<u>ICE</u>	Phys	HR	USD/MWh	ERCOT	ERCOT Protocols	Physically Settled Future	Physically Settled Future	1
Phys FUT, HR, Peak	<u>Panhandle 345KV Hub</u>	<u>ICE</u>	Phys	HR	USD/MWh	ERCOT	ERCOT Protocols	Physically Settled Future	Physically Settled Future	1
Phys FUT, HR, WRAP	<u>Panhandle 345KV Hub</u>	<u>ICE</u>	Phys	HR	USD/MWh	ERCOT	ERCOT Protocols	Physically Settled Future	Physically Settled Future	1

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

SCHEDULE "C" - RISK MANAGEMENT POLICY

1. DEFINITIONS

b. "AR Risk Add-on" means, for each Contracting Party, an amount equal to the sum of applicable holdback margin, early payments and late payments, and applicable taxes;

c. "Available Margin" means, for any Contracting Party, the difference between the value of the Collateral provided by such Contracting Party and available to Exchange and the Margin Requirement for such Contracting Party, each as calculated hereunder;

d. "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;

g. "Futures Settlement Net Payable" means, for a Contracting Party, the total Futures Clearing Amounts owing by Exchange to such Contracting Party, less the total Futures Clearing Amounts owing to Exchange by such Contracting Party;

h. "Initial Margin" means, for each Contracting Party, an amount established by Exchange from time to time in accordance with the applicable margin policies of the Exchange as implemented from time to time based on the applicable Initial Margin Rate for each Product and the aggregate of all Net Open Positions of such Contracting Party;

i. "Initial Margin Rate" means, for each a Product, an amount established by Exchange from time to time as published by Exchange on Exchange's Website;

k. "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, AR Risk Add-on, Initial Margin and Variation Margin minus Net Accounts Payable, Futures Settlement Net Payable, MTM Settlement Net Payable and Daily Futures Settlement Net Payable, as applicable, for such Contracting Party, as calculated hereunder;

n. "Net Accounts Payable" means, for each Contracting Party, as applicable, an amount equal to the sum of Current Month Accounts Net Payable and Previous Month Accounts Net Payable, each as calculated hereunder;

o. "Net Equity" means, for each Contracting Party, as applicable, an amount equal to the total amount of Eligible Collateral Support provided minus Margin Requirement plus Initial Margin;

r. ~~"Futures Settlement Not Payable" means, for a Contracting Party, the total Futures Clearing Amounts owing by Exchange to such Contracting Party, less the total Futures Clearing Amounts owing to Exchange by such Contracting Party;~~ and

[Note: The definitions in article 1 of Schedule "C" - Risk Management Policy will be re-numbered to reflect the amendments above.]

2. INITIAL MARGIN RATES

Exchange ~~will~~ may determine the Initial Margin Rate applicable to each Product, from time-to-time, and such Initial Margin Rates will be determined at the sole discretion of Exchange.

7. DAILY MARGIN LIMIT MONITORING

b. If the ~~Margin Requirement~~ Initial Margin for a Contracting Party is equal to or greater than eighty percent (80%) of the ~~lesser of such~~ Contracting Party's ~~Margin Limit and Adjusted Risk Limit~~ Net Equity, Exchange will advise the Contracting Party and may request that additional Eligible Collateral Support be provided to Exchange.

c. If the ~~Margin Requirement~~ Initial Margin for a Contracting Party is equal to or greater than ninety percent (90%) of the lesser of such Contracting Party's ~~Margin Limit and Adjusted Risk Limit~~ Net Equity, Exchange may halt such Contracting Party from entering orders for Products which will increase its Margin Requirement until the Contracting Party provides additional Eligible Collateral Support to the satisfaction of Exchange.

d. If the ~~Margin Requirement~~ Initial Margin for a Contracting Party is equal to or greater than ninety-five percent (95%) of the lesser of such Contracting Party's ~~Margin Limit and Adjusted Risk Limit~~ Net Equity or Exchange does not have sufficient Collateral with respect to such Contracting Party, Exchange will be entitled to, without limitation to any of its other rights or remedies, invoke the Liquidation Procedure pursuant to Section 5.6 of the Terms and Conditions and the Close-out Procedure pursuant to Section 8.3 of the Terms and Conditions.

9. REQUEST FOR ELIGIBLE COLLATERAL SUPPORT BY EXCHANGE

c. A Contracting Party may request a return of Eligible Collateral Support it has provided to Exchange in the form of cash ("Cash Collateral"), or a reduction of Eligible Collateral Support it has provided to Exchange in the form of a letter of credit as Collateral if:

- (i) its ~~Margin Requirement-Initial Margin~~ is less than eighty percent (80%) of ~~the value of the Collateral that it has provided and is available to Exchange~~ Net Equity, all as calculated hereunder (the "Minimum Collateral Amount"); and
- (ii) no Default has occurred with respect to such Contracting Party.

Upon such a request, Exchange agrees to:

- (i) return an amount of Cash Collateral equal to the lesser of:
 - (1) the full amount of such Cash Collateral; or
 - (2) such portion of such Cash Collateral as would reduce the value of the Collateral of the Contracting Party to be retained by Exchange, as calculated hereunder, to the Minimum Collateral Amount,such return of Cash Collateral to occur on the next Business Day or, if the next Business Day is a Recognized Banking Holiday, then on the first Business Day that is not a Recognized Banking Holiday, following such request; or
- (ii) accept a new or revised letter of credit where the value of the Collateral of the Contracting Party to be retained by Exchange, as calculated hereunder, meets or exceeds the Minimum Collateral Amount.