



September 6, 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): Same-day Margin Calls (CPA Amendments)**

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 relating to changes (the Amendments”) to 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 in the first quarter of 2023. The delayed implementation is to provide ICE NGX’s Contracting Parties with sufficient time to adopt or improve processes to comply with the amended requirements, specifically to meet a margin call within the same business day if the conditions are met.

**1. Overview**

ICE NGX is making this submission to implement a requirement that margin calls be met within the same business day when certain conditions are met.

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

ICE NGX intends to implement corresponding amendments to the ICE NGX Risk Management Framework (“RMF”), self-certification of which was submitted by ICE NGX to the Commission on the date of this submission.

**2. Details of Rule Changes**

Currently, the CPA provides that a Contracting Party is required to meet a request for additional eligible collateral support by the end of the next business day following the request, unless a shorter timeframe is specified by ICE NGX.



The Amendments require that a Contracting Party provide additional eligible collateral support within the same business day (rather than the current next-business-day timing), if the following conditions are met:

- the Contracting Party's Initial Margin Requirement is at or above 100% of its Net Equity (each as defined in the CPA), and
- ICE NGX makes the request for additional collateral at or before 11:00 AM Eastern Time on a business day that is not a recognized banking holiday.

ICE NGX intends to implement the Amendments in the first quarter of 2023.

The extended implementation is designed to afford ICE NGX and its Contracting Parties with sufficient time to implement processes to meet the same-day margin call timing.

### **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.

Risk Management (Core Principle D): The Amendments are consistent with Core Principle D - Risk Management and Commission Regulation § 39.13(g)(9), as the Amendments tighten the time deadlines for clearing participants to provide additional collateral if certain conditions are met.

### **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,

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By: Martin McGregor  
Title: General Counsel and Chief Compliance Officer  
Date: September 6, 2022



## AMENDMENTS TO THE ICE NGX CONTRACTING PARTY AGREEMENT

### SCHEDULE "C" - RISK MANAGEMENT POLICY

#### 8. Request by Exchange for Eligible Collateral Support

- a. If the Initial Margin for a Contracting Party is equal to or greater than eighty percent (80%) of the Contracting Party's Net Equity, Exchange may request that additional Eligible Collateral Support be provided to Exchange.
- b. If
  - (i) the Initial Margin for a Contracting Party is equal to or greater than ninety percent (90%) of the Contracting Party's Net Equity, or
  - (ii) the Available Margin for the Contracting Party is less than the applicable Minimum Available Margin Requirement,  
  
Exchange
    - (iii) may request that additional Eligible Collateral Support be provided to Exchange, and
    - (iv) may halt the 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.
- c. If the Initial Margin for a Contracting Party is equal to or greater than one hundred percent (100%) of the Contracting Party's Net Equity, Exchange
  - (i) may request that additional Eligible Collateral Support be provided to Exchange, and
  - (ii) 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.
- d. Except as provided under subsection 8.e. of this Section "C", upon ~~Upon~~ a request by Exchange for additional Eligible Collateral Support from a Contracting Party in accordance with this Agreement that is made on a Business Day for the Contracting Party, the Contracting Party agrees to provide such additional Eligible Collateral Support to Exchange within 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 any such request.



- e. Upon a request by Exchange for additional Eligible Collateral Support from a Contracting Party in accordance with subsection 8.c. of this Schedule "C" or as otherwise required by Exchange that is made
  - (i) at or before 11:00am Eastern Time on a Business Day that is not a Recognized Banking Holiday for the Contracting Party, the Contracting Party agrees to provide such additional Eligible Collateral Support to Exchange within that Business Day;
  - (ii) after 11:00am Eastern Time on a Business Day is a Recognized Banking Holiday for the Contracting Party, then on the first Business Day that is not a Recognized Banking Holiday following any such request.
  
- f.e. Notwithstanding anything else in this Agreement, including all Schedules, whenever the Exchange determines, in its sole discretion, that unstable conditions relating to one or more Products exist, or that the maintenance of an orderly market or the preservation of the fiscal integrity of the Exchange requires additional Eligible Collateral Support, or that any Contracting Party is carrying positions in Products or incurring risks in its account(s) that are larger than is justified by the financial and/or operational condition of the Contracting Party, the Exchange may require additional Eligible Collateral Support to be deposited with the Exchange within such time(s) as may be specified by the Exchange, and/or may limit withdrawals of any Eligible Collateral Support on deposit from the Contracting Party for such time as may be specified by the Exchange.