



September 20, 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): Noon Settlement Payment Deadline (CPA and RMF 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 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); and
- 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 to the CPA (the “CPA Amendments”) and the amendments to the RMF (the “RMF Amendments”) and, together with the CPA Amendments, the “Amendments”) on December 1, 2022. The delayed implementation is to provide ICE NGX’s Contracting Parties with sufficient time to adopt or improve their settlement processes to comply with the new settlement payment deadline.

1. Overview

ICE NGX is making this submission to implement a requirement that settlement payments owing to ICE NGX be made prior to 12:00 noon MT/ 2:00pm ET.

The Amendments are designed to reduce overall risk to the clearinghouse and clearing participants by mitigating settlement and liquidity risk, and to facilitate anticipated improvements to ICE NGX’s settlement processes.

The text of the amended CPA provisions is attached as the Appendix to this letter. Concurrently with this submission, ICE NGX is submitting the text of the RMF Amendments, for which ICE NGX has respectfully requested confidential treatment.

ICE NGX Canada Inc.
Suite 2610, 225 – 6th Avenue SW
Calgary, AB
Canada T2P 1N2
ngx.com
ice.com



2. Details of Rule Changes

Currently, the CPA provides that a Contracting Party is required to make invoice settlement payments to ICE NGX prior to the close of business on the relevant settlement day.

The CPA Amendments change the settlement payment deadline, to require that a Contracting Party to make invoice settlement payments to ICE NGX prior to 12:00 noon MT/ 2:00pm ET on the relevant settlement day.

To facilitate the amended settlement payment deadline, the CPA Amendments also:

- revise ICE NGX's authority under the CPA to pledge a Contracting Party's Collateral to Exchange's Principal Banker (i.e., Royal Bank of Canada or "RBC") on a settlement day in order to facilitate payment of invoices; and
- specify the noon MT settlement payment deadline within ICE NGX's discretionary authority to take any action permitted under the CPA if a Contracting fails to pay a settlement amount.

The CPA Amendments also specify that summary sanctions may be imposed on a Contracting Party that fails to pay an invoice amount by the end of the relevant business day. This retains the status quo with respect to the applicability of summary sanctions for late or missed settlement payments.

A corresponding amendment is also being made to the Summary Sanctions Schedule. In conjunction with the Amendments, and as a courtesy to Commission staff, we are also providing the text of the amended Summary Sanctions Schedule. The amended Summary Sanctions Schedule will be published on the ICE NGX website concurrently with the implementation of the Amendments.

The RMF Amendments reflect the change to the settlement payment deadline.

The Amendments reduce overall risk to the clearinghouse and clearing participants by mitigating settlement and liquidity risk, and will facilitate anticipated improvements to ICE NGX's settlement processes.

ICE NGX intends to implement the Amendments on December 1, 2022.

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 Regulations

- § 39.13(a), as the Amendments further mitigate ICE NGX's liquidity risk and settlement risk on settlement days;
- § 39.13(b), as the RMF Amendments update ICE NGX's risk management framework to reflect the amended settlement payment deadline.

Settlement Procedures (Core Principle E): The Amendments are consistent with Core Principle E - Settlement Procedures and Commission Regulation § 39.14, as the Amendments tighten the time deadline for clearing participants to make payment of settlement invoices.

Rule Enforcement (Core Principle H): The Amendment are consistent with Core Principle H - Rule Enforcement and Commission Regulation § 39.17, as the Amendments provide greater clarity and specificity to ICE NGX's authority to impose summary sanctions for late or missed settlement payments.

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 'Greg Abbott', is written over a horizontal line.

By: Greg Abbott
Title: President & COO
Date: September 20, 2022



APPENDIX

AMENDMENTS TO THE ICE NGX CONTRACTING PARTY AGREEMENT

TERMS AND CONDITIONS

[Note: Insertions are underscored; deletions are struck through.]

ARTICLE 6 - COMPLIANCE

6.5 Summary Sanctions

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- b. Summary Sanction - The Chief Compliance Officer may impose a summary sanction on a Contracting Party, in accordance with Exchange's stated Summary Sanctions schedule and in an amount not to exceed \$5,000 per violation~~s~~, for
- (i) failing to make timely, accurate and full payment of an Invoice to Exchange in accordance with this Agreement by the end of the relevant settlement date;

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ARTICLE 7 - INVOICES AND TAXES

7.1 Invoices

- a. Invoices Due and Payable - Subject to any amount hereunder becoming due and payable at an earlier time pursuant to the provisions of this Agreement, the amount of the Invoice owed by the Contracting Party to Exchange or to the Contracting Party by Exchange will be due and payable prior to 12:00 p.m. Mountain Prevailing Time:
- (i) for Invoices for Physically Settled Gas Futures Transactions, on the Physical Settlement Date;
- (ii) for Invoices for Physically Settled Power Futures Transactions, on the Physical Settlement Date;
- (iii) for Daily Financially Settled Futures Transactions, on the MTM Settlement Date and the Cash Settlement Date;
- (iv) for all other Financially Settled Futures Transactions, on the Cash Settlement Date;
- (v) for Option Transactions, on the Premium Payment Date; and
- (vi) for Forward (Bilateral) Transactions, on the Physical Settlement Date.

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7.2 Payment of Invoices

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- d. ~~Time of Pledge of Collateral to Facilitate~~ Payment of Invoices - In accordance with Schedule "C", all amounts owing by the Contracting Party to ICE NGX on an Invoice are collateralized. ~~Notwithstanding that each Invoice is due on the respective~~ On each Settlement Date or Option Premium Date, as applicable, an amount of the Contracting Party's Collateral equal to any Invoice amount owing by the Contracting Party ~~that remains outstanding at noon Eastern Standard Time on the respective~~ on that Settlement Date or Option Premium Date, as ~~applicable~~ the case may be, may be pledged to Exchange's Principal Banker to facilitate payment of Invoices by Exchange under the Agreement until such times as the Contracting Party's settlement payment is received by Exchange. ~~For greater certainty, payment by Contracting Party of an Invoice amount on the respective Settlement Date or Option Premium Date, as applicable, is not a Failure to Pay.~~

...

- f. Failure to Pay - If a Contracting Party fails to pay an Invoice amount prior to 12:00 p.m. Mountain Prevailing Time on the respective Settlement Date or Option Premium Date, as applicable, ICE NGX may, in its sole discretion, take any action permitted under this Agreement including to effect the Close-out or Liquidation Procedure.