

## SUBMISSION COVER SHEET

**IMPORTANT:** Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): \_\_\_\_\_

Organization: \_\_\_\_\_

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

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**SPECIFY FILING TYPE**                      Please note only ONE choice allowed per Submission.

**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**  
**November 6, 2019**

1. The text of the amended provisions to the ICE NGX Canada Inc. ("ICE NGX") Contracting Party Agreement ("CPA") is attached as the Appendix to this submission. 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 December 2, 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.

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**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.<sup>1</sup>

ICE NGX is making this submission to implement certain changes to

- (a) amend the definition of "Approved Financial Institution" in order to facilitate ICE NGX's transition to the ICE Counterparty Rating System,
- (b) facilitate the implementation of an enhanced program for review of Contracting Parties' risk management policies and procedures, and
- (c) amend the definition of "Credit Support Provider" to enhance ICE NGX's powers, protections and rights in respect of a guarantor of a Contracting Party,

collectively, the "Amendments". ICE NGX intends to implement the Amendments on December 2, 2019 (or on such later date as may be designated by ICE NGX).

***Amendment to definition of "Approved Financial Institution"***

ICE NGX is amending the definition of "Approved Financial Institution" in section 1.2 of the Terms and Conditions of the CPA to facilitate ICE NGX's transition to the ICE Credit Rating System, with respect to issuers of letters of credit ("LCs"). ICE NGX accepts LCs as collateral from Contracting Parties. The definition of "Approved Financial

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<sup>1</sup> 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).

Institution” defines the range of financial institutions approved by ICE NGX to issue LCs. ICE NGX intends to use the ICE Credit Rating System in its approval of LC issuers.

The amendment to the definition of “Approved Financial Institution” was the subject of pre-filing discussions with Commission staff. We refer you to our correspondence dated September 19, 2019 and the supporting materials thereto for more information.

***Amendments relating to ICE NGX’s enhanced program for review of Contracting Parties’ risk management policies***

ICE NGX is amending paragraph 2.6.h. of the Terms and Conditions of the CPA and subparagraph 8.a.(i) of Schedule “C” - Risk Management Policy of the CPA to facilitate ICE NGX’s implementation of an enhanced program for review of Contracting Parties’ risk management policies and procedures.

The amendments relating to ICE NGX’s enhanced program for review of Contracting Parties’ risk management policies and procedures were the subject of pre-filing discussions with Commission staff. We refer you to our correspondence dated September 25, 2019 for more information.

***Amendment to definition of “Credit Support Provider”***

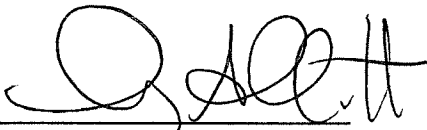
ICE NGX is amending the definition of “Credit Support Provider” in section 1.2 of the Terms and Conditions of the CPA to include a Guarantor. In order to mitigate counterparty risk, ICE NGX may, in certain circumstances and at the absolute discretion of ICE NGX, consider accepting a guarantee from the parent or an affiliate (a “Guarantor”) of a current or prospective Contracting Party, of the obligations of the Contracting Party under the CPA. Including the concept of Guarantor in the Credit Support Provider definition will apply, in respect of a Guarantor, the structure of powers, protections and rights of ICE NGX that currently exist in the CPA in respect of a Credit Support Provider. ICE NGX is also making non-significant corresponding changes to section 3.3 of the Terms and Conditions of the CPA.

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 facilitate (a) enhanced monitoring of the creditworthiness and standing of its counterparties and Contracting Parties, (b) enhanced rights and protections for ICE NGX in respect of a Guarantor, and (c) an enhanced program for reviewing Contracting Parties’ risk management policies and procedures.

**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: Greg Abbott  
Title: President & COO  
Date: November 6, 2019

## APPENDIX

### AMENDMENTS TO THE TERMS AND CONDITIONS OF THE ICE NGX CONTRACTING PARTY AGREEMENT

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

#### 1.2 Definitions

- e. "Approved Financial Institution" means any bank approved by Exchange in accordance with its credit review procedures or policies; ~~with long term, unsecured, unsubordinated debt (not supported by third party credit enhancement) with the lower of at least one credit rating of (i) "A" from Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc., or (ii) "A2" from Moody's Investors Service, Inc., or their respective successors;~~
- ff. "Credit Support Provider" means any person other than the Contracting Party which provides Collateral for the Obligations of the Contracting Party or which guarantees the Obligations of the Contracting Party;

...

#### 2.6. Additional Representations of the Contracting Party Each Contracting Party represents and warrants that:

...

- h. **Risk Management Policies, Procedures and Practices.** The Contracting Party represents and warrants that it has sufficient and satisfactory written risk management policies, procedures and practices in place to address both financial and operational risks in its organisation, and will provide to Exchange, if requested, an annual certification attesting to same.

...

#### 3.3 Eligible Collateral Support and Collateral

- a. Eligible Collateral Support and Collateral – In accordance with the Risk Management Policy, the Contracting Party shall be obligated to provide from time to time, as security for the Contracting 33 CPA-210 Effective Date: August 5, 2019 Party's Obligations, credit support consisting of: (i) an irrevocable letter of credits issued by an Approved Financial Institutions in favour of Exchange in a form acceptable to Exchange; or (ii) cash delivered by or on behalf of the a-Contracting Party to Exchange and held by Exchange in a segregated bank account specified by Exchange, which will be subject to a registered security interest in favour of Exchange (collectively, "Eligible Collateral Support"). The Contracting Party shall be responsible for any and all wire transfer fees applied or deducted by the Exchange's bank relating to the receipt, deposit or transfer of such Eligible Collateral Support. In addition, Exchange may, in its discretion, withhold and the Contracting Party hereby consents to such withholding, payables owing to the Contracting Party from Exchange as additional Collateral. The Contracting Party agrees and acknowledges that upon any failure by such Contracting Party to provide Eligible Collateral Support to Exchange in the amounts and manner set forth under the Risk Management Policy, Exchange shall have the rights and remedies set forth in this Agreement including, without limitation, the rights to cause a Contracting Party Suspension, effect the Close-out Procedure and/or effect the Liquidation Procedure with respect to the Contracting Party's Transactions. Exchange agrees that it shall be obligated to (i) return any Eligible Collateral Support to the Contracting Party, to the extent and pursuant to the terms

provided under the Risk Management Policy and (ii) require all Contracting Parties to comply with the provisions of the Risk Management Policy.

## **AMENDMENTS TO SCHEDULE "C" - RISK MANAGEMENT POLICY OF THE ICE NGX CONTRACTING PARTY AGREEMENT**

### **8. RISK MANAGEMENT**

#### **a. Risk Management Policy**

- (i) ~~Where a The Contracting Party qualifies as either a "swap dealer" or a "major swap participant" under the Commodity Exchange Act (United States) and the regulations of the Commodity Futures Trading Commission, the Contracting Party shall maintain a current written risk management policy. The Contracting Party shall from time to time, upon request by Exchange, provide Exchange with information and documents regarding its risk management policies, procedures and practices, including, but not limited to, information and documents concerning liquidity of the Contracting Party's financial resources and settlement procedures (the "Risk Management Documentation"), and make such information and documents available to Exchange's regulators upon their request. Exchange may, from time to time, conduct on-site audits of the Risk Management Documentation and the Contracting Party shall make reasonable efforts to facilitate any such audits.~~