



FOIA CONFIDENTIAL TREATMENT REQUESTED

December 16, 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): Changes to ICE NGX Default Management Procedures

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 amend the ICE NGX Default Management Procedures (“Default Management Procedures”). ICE NGX believes the Default Management Procedures may be a “rule” as that term is defined under Commission Regulation 40.1(i). ICE NGX intends to implement this rule on January 16, 2023, or such later date as ICE NGX may designate.

ICE NGX has respectfully requested confidential treatment for the Default Management Procedures and the amendments thereto, which were submitted concurrently with this submission.

1. Overview

Overview of the Amendments

ICE NGX is making this submission to implement certain updates and changes (the “Amendments”) to the Default Management Procedures.

Overview of the ICE NGX Default Management Procedures

The Default Management Procedures represent ICE NGX’s current written default management plan and delineate the roles and responsibilities of ICE NGX’s board of directors (the “Board”), the Risk Committee of the Board, and management in addressing a default or potential default of a Contracting Party. The Default Management Procedures are designed to facilitate the efficient, fair and safe management of an actual or potential default by a Contracting Party under the ICE NGX Contracting Party Agreement (“CPA”), to protect the ICE NGX exchange and clearinghouse operations, and to minimize the impact of an actual or potential Contracting Party default on non-defaulting Contracting Parties.

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The Default Management Procedures provide details relating to pre-default procedures, determination of default and authority to take action, liquidation and other default management processes, and application of default resources.

2. Details of Rule Changes

In addition to non-substantive amendments to clarify drafting and amendments to further align the Default Management Procedures with the CPA, the Amendments:

- reflect the conversion of the ICE NGX letter of credit that functions as ICE NGX's guarantee fund from a non-liquid financial resource to a liquid financial resource available within the same day, including the process for making a same-day draw on the ICE NGX letter of credit and the change in Escrow Agent;
- update the document to reflect evolutions and enhancements to ICE NGX's practices and procedures relating managing defaults, including streamlining of required notices;
- clarify the distinction between a "Default" and an "Event of Default" - note that self-certification of corresponding amendments to the CPA were submitted by ICE NGX to the Commission today;
- enhance the description and contents of ICE NGX's "action plan" in a pre-default situation;
- include process and notices relating to claiming on PG;
- update the description of ICE NGX's guarantee fund and clarify the role of ICE NGX's default insurance as part of the guarantee fund; and
- reflect the practice of communicating with affiliated ICE clearinghouses at the pre-default stage.

A redline version of the Default Management Procedures, over which ICE NGX has respectfully requested confidential treatment, is being submitted concurrently with 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 update ICE NGX's policies and procedures for complying with Commission regulations.



Risk Management (Core Principle D): The Amendments are consistent with Core Principle D - Risk Management and Commission Regulation § 39.13(h)(6), as the Amendments set out the additional actions, and the procedures therefor, that ICE NGX may take with respect to a Contracting Party based on objective and prudent risk management standards, in this case that ICE NGX believes a Contracting Party may default, or if a Contracting Party has defaulted or an Event of Default is declared in respect of a Contracting Party.

Default Rules and Procedures (Core Principle G): The Amendments are consistent with Core Principle G - Default Rules and Procedures and the following Commission Regulations:

- § 39.16(a) and (b), as the Amendments update ICE NGX's written default management plan and procedures designed to allow for the efficient, fair and safe management of events during which clearing members become insolvent or default on their obligations to ICE NGX; and
- § 39.16(c)(1)(ii), as the Amendments clarify and enhance the actions ICE NGX may take if ICE NGX believes a Contracting Party may default, or if a Contracting Party has defaulted or an Event of Default is declared in respect of a Contracting Party;
- § 39.16(c)(2)(ii), as the Amendments update the composition of liquid financial resources that ICE NGX would apply in the event of a default including the process for a same-day draw on the ICE NGX letter of credit that functions as ICE NGX's guarantee fund.

4. Certifications

ICE NGX certifies that the 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.

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Please do not hesitate to contact me (403-974-1701) or our General Counsel and CCO, Martin McGregor (403-974-1740) for any further information the Commission or its staff may require in connection with this notice

Yours truly,

By: Greg Abbott
Title: President & COO
Date: December 16, 2022