



June 20, 2023

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): Settlement Processing

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).

1. Overview

Effective August 1, 2023 ICE NGX is making changes to its settlement processes for monthly invoices relating to Financially Settled Futures Transactions (“monthly Financial Settlement Invoices”). Specifically, monthly Financial Settlement Invoices will be settled into and out of the Contracting Party’s Cash Collateral Account.

On the Financial Settlement Date, invoices will be settled on a net basis setting off amounts owing to and from the Contracting Party on that date as MTM Settlement Amount (i.e., settlement of daily variation margin gains and losses) against amounts owing to and from the Contracting Party on that date under its Financially Settled Futures Transactions.

The Amendments implement these changes. The text of the amended CPA provisions is attached as the Appendix to this letter. Concurrently with this submission, ICE NGX is publishing a second information notice to provide Contracting Parties with further information regarding this transition.

ICE NGX intends to implement the Amendments on August 1, 2023 or on such later date as ICE NGX may designate.

Note: All capitalized terms not otherwise defined herein have the meaning given to them in the CPA.

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2. Details of Rule Changes

The CPA describes the settlement process for invoices, including for MTM Settlement Amounts and monthly Financial Settlement Invoices.

While ICE NGX is also making technological changes relating to its process for settling MTM Settlement Amounts, Contracting Parties will not notice any changes with respect to this process.

With respect to monthly Financial Settlement Invoices, the Amendments

- update the definition of Cash Collateral to include amounts paid into the Cash Collateral Account in respect of monthly Financial Settlement Invoices;
- amend the provisions relating to payment of invoices to specify that amounts paid in respect of monthly Financial Settlement Invoices are paid into and out of the Cash Collateral Account;
- describe the payment of net amounts on Financial Settlement Dates, setting off amounts owing to and from the Contracting Party on that date as MTM Settlement Amount against amounts owing to and from the Contracting Party on that date under its Financially Settled Futures Transactions; and
- make other clarifying amendments.

With respect to monthly invoices for Physically Settled Futures Transactions (“Physical Settlement Invoices”), the Amendments consolidate two provisions relating to invoice settlement into the provision relating to wire payment of Physical Settlement Invoices.

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(g)(10) and (14) generally, as the Amendments clarify that amounts deposited in the Contracting Party’s Cash Collateral Account in respect of monthly Financial Settlement Invoice amounts are deemed to be Cash Collateral upon deposit.



Settlement Procedures (Core Principle E): The Amendments are consistent with Core Principle E - Settlement Procedures and Commission Regulation § 39.14 generally, as the Amendments describe and facilitate changes to ICE NGX's invoice settlement processes.

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: June 20, 2023



APPENDIX

AMENDMENTS TO THE ICE NGX CONTRACTING PARTY AGREEMENT

TERMS AND CONDITIONS

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

ARTICLE 1 - DEFINITIONS AND INTERPRETATION

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1.2 Definitions

“Cash Collateral” means, in respect of a Contracting Party, all cash in the Contracting Party’s Cash Collateral Account including

(i) all cash delivered by or on behalf of the Contracting Party to Exchange as Eligible Collateral Support,

(ii) all amounts paid into the Cash Collateral Account by Exchange in settlement of ~~and~~ Daily Financially Settled Futures Settlement Amounts, MTM Settlement Amounts, Cash Settlement Amounts and/or Futures Clearing Amounts owing to the Contracting Party, and

(iii) Contracting Party Interest amounts deposited by Exchange into the Cash Collateral Account;

...

ARTICLE 4 - PHYSICALLY SETTLED FUTURES TRANSACTIONS AND PHYSICALLY SETTLED FUTURES PRODUCTS

4.1 Physically Settled Gas Futures Products - General

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h. Settlement and Netting of Invoice Amounts – All amounts payable by a Contracting Party under any Physically Settled Gas Futures Transaction are due and are payable and are to be settled pursuant to Article 7 and the terms of this Agreement. ~~On the Physical Settlement Date, Exchange will not remit any amounts payable from Exchange to the Contracting Party until all amounts payable from the Contracting Party to Exchange have been received by Exchange.~~

...



4.2 Physically Settled Power Futures Products - General

...

- f. Settlement and Netting of Invoice Amounts – All amounts payable by a Contracting Party under any Physically Settled Power Futures Transaction are due and are payable and are to be settled pursuant to Article 7 and the terms of this Agreement. ~~On the Physical Settlement Date, Exchange will not remit any amounts payable from Exchange to the Contracting Party until all amounts payable from the Contracting Party to Exchange have been received by Exchange.~~

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ARTICLE 7 - INVOICES AND TAXES

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7.2 Payment of Invoices

- a. Wire Payment of Invoices for Physically Settled Gas Futures Transactions and Physically Settled Power Futures Transactions – Except ~~for payment of MTM Settlement Amounts~~ ~~or~~ as otherwise agreed between the Exchange and the Contracting Party, payment of Invoices for Physically Settled Gas Futures Transactions and Physically Settled Power Futures Transactions by Contracting Party to Exchange and by Exchange to Contracting Party shall be made by wire payment to the banking instructions provided in accordance with this Agreement and Exchange's stated policies. For greater certainty, any correspondent or intermediary bank fees relating to payments of Invoices for Physically Settled Gas Futures Transactions and Physically Settled Power Futures Transactions by Contracting Party to Exchange and by Exchange to Contracting Party are the responsibility of the Contracting Party. On the Physical Settlement Date, Exchange may, in its sole discretion, hold any amounts payable from Exchange to the Contracting Party in respect of any Invoice until all amounts payable from the Contracting Party to Exchange then due and payable have been received by Exchange.
- b. Payment of Invoices for MTM Settlement Amounts, Daily Financially Settled Futures Amounts, Cash Settlement Amounts and Futures Clearing Amounts –
- (i) Exchange will identify a Cash Collateral Account for each Contracting Party that enters into a Financially Settled Futures Transaction.
- (ii) Unless otherwise agreed to by Exchange, payments in respect of MTM Settlement Amounts, Daily Financially Settled Futures Amounts, Cash Settlement Amounts and Futures Clearing Amounts;
- (A)(+) by Exchange to the Contracting Party will be made by wire transfer by Exchange into the Contracting Party's Cash Collateral Account; and



~~(B)(iii)~~ by the Contracting Party to Exchange will be made by wire transfer by Exchange from the Contracting Party's Cash Collateral Account into the Exchange Account identified by Exchange for receiving such funds.

(iii) On each Business Day, Exchange will Set-Off any and all such amounts owing as between the Exchange and the Contracting Party in respect of MTM Settlement Amounts, Daily Financially Settled Futures Amounts, Cash Settlement Amounts and Futures Clearing Amounts to arrive at a single net settlement amount payable by Exchange to the Contracting Party or by the Contracting Party to Exchange.

(iv) The Contracting Party is responsible for ensuring its Cash Collateral Account has sufficient funds in excess of the applicable Margin Requirement to satisfy the net settlement amount calculated and instructed by Exchange in accordance with subparagraph (iii), ~~MTM Settlement Amount~~ prior to 12:00 p.m. Mountain Prevailing Time on the applicable Settlement Date.

c. Outstanding Request for Eligible Collateral Support – Exchange ~~may will be entitled to~~ deduct from the payment of any Invoice an amount equal to any shortfall, as at the relevant Settlement Date, in the provision by the Contracting Party of Eligible Collateral Support that has been requested in accordance with Schedule "C" and ~~may will~~ hold such amount as Collateral until any such shortfall has been rectified to the satisfaction of Exchange.

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e. Pledge of Collateral to Facilitate Payment of Invoices – In accordance with Schedule "C", all amounts owing by the Contracting Party in respect of a Transaction to ICE NGX on an Invoice are collateralized. 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 on that Settlement Date or Option Premium Date, as applicable, 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.