



June 21, 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): Omnibus 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).

1. Overview

The Amendments are intended to update certain definitions and concepts in the CPA to reflect current practices and understanding, and to clarify and streamline the drafting of a number of CPA provisions.

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.

2. Details of Rule Changes

The Amendments

- update and clarify the definitions of "Buyer", "Seller", "Failure Quantity" and "Purchase Amount";
- clarify that a Contracting Party is required to pay the Fees as invoiced by ICE NGX;

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- streamline the provisions relating to settlement of invoice amounts for Physically Settled Gas Futures Transactions and Physically Settled Power Futures Transactions;
- consolidate the provisions relating to netting of invoice amounts for Physically Settled Gas Futures Transactions and Physically Settled Power Futures Transactions; and
- refine the definitions of “Current Month Accounts Net Payable” and “Previous Month Accounts Net Payable”.

The Amendments also clarify and streamline the definition of “Variation Margin” with the corresponding definition in the ICE NGX Margin Methodology Guide and clarify that a recalculation of Variation Margin in response to dispute or request from a Contracting Party is at ICE NGX’s discretion.

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) generally, as the Amendments clarify the clearinghouse’s discretion over calculation and any recalculation of Variation Margin.

Settlement Procedures (Core Principle E): The Amendments are consistent with Core Principle E - Settlement Procedures and Commission Regulation § 39.14 generally, as the Amendments streamline certain provisions relating netting and 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 "G. Abbott", is written above a horizontal line.

By: Greg Abbott
Title: President & COO
Date: June 21, 2023

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APPENDIX

AMENDMENTS TO THE ICE NGX CONTRACTING PARTY AGREEMENT

TERMS AND CONDITIONS

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

ARTICLE 1 - INTERPRETATION

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1.2 Definitions

“Buyer” means a Contracting Party or Exchange, as applicable, that has entered into

(a) a Physically Settled Futures Transaction and is obligated to take delivery of the applicable Contract Quantity pursuant to the terms of that Transaction and this Agreement; or

(b) a Financially Settled Futures Transaction as the Fixed Price Payer under that Transaction;

~~“Buyer” means a Contracting Party or Exchange as applicable that has entered into a Physically Settled Futures Transaction in Gas or Physical Power or a Financially Settled Futures Transaction in financial power, as applicable, that has been entered: (i) on the ICE NGX Trading System; (ii) subject to the Block Transaction provision under Section 3.2; or (iii) subject to its Exchange of Futures for Related Product provision under Section 3.2;~~

“Failure Quantity” means the difference between the Contract Quantity (or any portion thereof) to be delivered or received in accordance with a Physically Settled Futures Transaction and the quantity of the applicable commodity ~~gas~~ actually delivered or taken, ~~or the quantity of Physical Power scheduled to be delivered or taken,~~ in accordance with such Physically Settled Futures Transaction;

“Purchase Amount” means the aggregate price agreed to be paid for the Contract Quantity ~~of gas or Physical Power, as applicable,~~ by the Buyer and to be received by the Seller for the Contract Quantity ~~of gas or Physical Power, as applicable,~~ pursuant to a Physically Settled Futures Transaction;

“Seller” means a Contracting Party or Exchange that has entered into

(a) a Physically Settled Futures Transaction and is obligated to make delivery of the applicable Contract Quantity pursuant to the terms of that Transaction and this Agreement; or

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(b) a Financially Settled Futures Transaction as the Floating Price Payer under that Transaction;

~~“Seller” means a Contracting Party or Exchange that has entered a Physically Settled Futures Transaction that has been entered: (i) on the ICE NGX Trading System; or (ii) into the ICE Trading Platform, with an obligation to deliver gas or Physical Power, as applicable;~~

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ARTICLE 3 - GENERAL

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3.2 Agreements of the Contracting Party

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- n. Fees – The Contracting Party will pay the fees to Exchange in such amounts as are set forth in the Fee Schedule or as otherwise agreed to by the Contracting Party with Exchange, and as required by any ~~correct~~ Invoice.

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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. ~~In determining the net amounts payable or receivable on each Invoice by the Contracting Party, Exchange will Set-off the amounts payable or receivable in the same currency on account of the Purchase Amount, fees and GST for the Contracting Party, if applicable. The Contracting Party will be obligated to pay or entitled to receive only such net amounts. 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 amounts payable by the Contracting Party.~~ 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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~~4.2 — Reserved~~

~~4.3 — Reserved~~

4.2.4.4 Physically Settled Power Futures Products - General

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- 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. ~~In determining the net amounts payable or receivable on each Invoice by the Contracting Party, Exchange will Set-off the amounts payable or receivable in the same currency on account of the Purchase Amount, fees and any applicable taxes for the Contracting Party, if applicable. The Contracting Party will be obligated to pay or entitled to receive only such net amounts. 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 amounts payable by the Contracting Party.~~ 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

7.1 Invoices

- a. Netting of Invoice Amounts – In determining the net amounts payable or receivable on each Invoice by the Contracting Party, Exchange will Set-off the amounts payable or receivable in the same currency on account of
- (i) for a Physical Settlement Invoice or a Physical Environmental Invoice, the Purchase Amount of the relevant commodity, and
- (ii) for a Financial Settlement Invoice, the Cash Settlement Amount, MTM Settlement Amount and Daily Financially Settled Futures Settlement Amount, as applicable
- and the fees and applicable taxes, if any, for the Contracting Party. The Contracting Party will be obligated to pay or entitled to receive only such net amounts.

[Note: Subsequent paragraphs of section 7.1 will be renumbered to reflect the insertion shown above.]



AMENDMENTS TO THE ICE NGX CONTRACTING PARTY AGREEMENT

SCHEDULE "C" - RISK MANAGEMENT POLICY

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

1. Definitions

Words and phrases capitalized in this Risk Management Policy and not defined herein have the same meaning as in this Agreement.

In this Schedule "C", the following terms and phrases mean as follows:

"Current Month Accounts Net Payable" means, for a Contracting Party, the sum of

- (i) ~~for a Contracting Party entering into~~ in respect of Physically Settled ~~Gas~~ Futures Transactions, the accounts payable owing by Exchange to such Contracting Party less the accounts receivable owing by such Contracting Party to Exchange for and/or Physically Settled Power Futures Transactions, the accounts payable owing by Exchange to such Contracting Party less the accounts receivable owing by such Contracting Party to Exchange
 - (A) gas delivered or taken to date during that current month pursuant to all Physically Settled Gas Futures Transactions, other than Physically Settled Gas Futures Transactions with assigned delivery; and/or Physically Settled Power Futures Transactions, as applicable, delivered to date during that current month, including, with respect to Physically Settled Gas Futures Transactions, Post-Settlement Delivery Adjustments, as applicable; and
 - (B) the Physical Power scheduled for delivery or take to date during that current month pursuant to all Physically Settled Power Futures Transactions; and
- (ii) ~~for a Contracting Party entering into~~ in respect of Physically Settled Gas Futures Transactions with assigned delivery (as set out in Schedule "J"), up to 100% of the Discretionary Delivery Credit, as applicable;

"Minimum Available Margin Requirement" means,

- (i) with respect to a Contracting Party that transacts in Option Products, \$2,000,000;
- (ii) with respect to a Contracting Party that does not transact in Option Products, but transacts in Financial Power Products and/or Physical Power Products, \$1,000,000; ~~or~~

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- (iii) with respect to a Contracting Party that does not transact in either Option Products or Financial Power Products or Physical Power Products, \$500,000.

“Previous Month Accounts Net Payable” means, for a Contracting Party,

- (i) in respect of Physically Settled Futures Transactions, the accounts payable owing by Exchange to such Contracting Party less the accounts receivable owing by such Contracting Party to Exchange for
 - (A) gas delivered or taken to date during the previous calendar month pursuant to all Physically Settled Gas Futures Transactions; and ~~Physical Transactions, as applicable, delivered during the previous calendar month;~~
 - (B) the Physical Power scheduled for delivery or take during the previous calendar month pursuant to all Physically Settled Power Futures Transactions;

“Variation Margin” means, in respect of every Product for each trading day, the mark-to-market gains or losses of a portfolio of trades resulting from price movements ~~a reasonable estimate of the market value of such Product~~ as determined by Exchange, in its sole discretion, ~~considering the reasonable estimation of the current market value using internal and external sources for each Product. Should the Contracting Party dispute such determination, Exchange will investigate and determine, in its sole discretion, whether or not a recalculation should be undertaken and will advise the Contracting Party of its decision as soon as reasonably practicable.~~

2. **Initial Determination of Margin and Margin Rates**

- a. Initial Margin Rate – Exchange may determine the Initial Margin Rate applicable to each Product, from time-to-time, and such Initial Margin Rates will be determined at the sole discretion of Exchange.
- b. Variation Margin – In determining Variation Margin, Exchange will consider the reasonable estimation of the current market value using internal and external sources for each Product. Upon request or dispute by a Contracting Party, Exchange will investigate and determine, in its sole discretion, whether Variation Margin should be recalculated and will advise the Contracting Party of its determination as soon as reasonably practicable.