



FOIA CONFIDENTIAL TREATMENT REQUESTED

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)

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 of amendments to 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 these amendments on July 10, 2023 or on such later date as ICE NGX may designate.

1. Overview

ICE NGX is making this submission to implement certain changes (the “Amendments”) to the ICE NGX RMF, designed to:

- streamline and clarify the description of the stress period and its role in the look-back window for the portfolio margin calculation in ICE NGX’s Portfolio Margin Model (“PMM”); and
- specify the designated stress period for each asset class, namely the Q1 2014 Polar Vortex for Natural Gas and Canadian Power and the Q3 2019 Heatwave Period for ERCOT Power, including a brief description of the impact of the asset class during the stress period.

ICE NGX has requested confidential treatment over the Amendments.

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2. Details of Rule Changes

As Commission staff is aware, PMM is ICE NGX's model for calculating core initial margin, taking into account portfolio offsets. In order to mitigate against procyclicality and to support ICE NGX's compliance with regulatory requirements and expectations regarding initial margin calculations and margin model coverage, ICE NGX includes a period of stress in the look-back window in PMM's VaR calculations for portfolio initial margin for each asset class.

PMM uses a look-back window of a rolling two-year price history plus a fixed stress period of approximately one quarter. ICE NGX is updating the stress period for the ERCOT Power market, to ensure that a representative period of stressed market conditions is included in the portfolio margin calculation. This will help ensure that the risk in the ERCOT market is appropriately assessed.

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, enhance and update 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 the following Commission Regulations:

- § 39.13(b), as the Amendments update ICE NGX's risk management framework to reflect changes to risk management practices;
- § 39.13(g)(2)(iii) and (iv), as the Amendments update the historical time period in the lookback period for initial margin calculations to ensure an appropriate period of stressed market conditions.

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 these amendments.

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ICE NGX further certifies that, concurrent with this filing, a copy of this submission was posted to ICE NGX's website.

If you have any questions or require further information, please do not hesitate to contact me at 403-974-1740 or greg.abbott@ice.com, or Martin McGregor, ICE NGX General Counsel & CCO at 403-974-1740 or martin.mcgregor@ice.com.

Yours truly,

A handwritten signature in black ink, appearing to read "G. Abbott", positioned above a horizontal line.

Greg Abbott
President & COO
ICE NGX Canada Inc.

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