

Natural Gas Exchange Inc.
Rule Amendments Submissions 2014-01
October 24, 2014

1. The text of the amended provisions in the CPA is appended as Attachment A. Additions are underlined and deletions are struck through.
2. The date of intended implementation for these amendments is November 10, 2014.
3. Attached, please find a certification that: (a) these rule (CPA) amendments comply with the Commodity Exchange Act (the "Act"), and the Commission's regulations thereunder; and (b) concurrent with this submission, NGX posted on its website: (i) a notice of pending certification of the CPA amendments with the Commission; and (ii) a copy of this submission.
4. A concise explanation and analysis of the operation, purpose, and effect of each of the amendments appears below.
5. There were no opposing views expressed regarding these amendments.
6. Confidential treatment is not requested.

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 CPA amendments.

1. NGX is amending its CPA to ensure that U.S. taxpayers carry out their obligations under the Internal Revenue Code.

For that purpose, NGX is amending section 3.2 of the CPA to add a subsection (m) to require that:

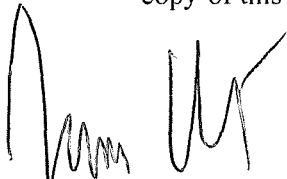
- (a) Contracting Parties that are subject to reporting requirements of brokers under section 6045 of the Internal Revenue Code (the "Code") will comply with such requirements with respect to transactions effected on or otherwise subject to the CPA in the manner prescribed by Section 6045 of the Code; and
- (b) Contracting Parties will supply NGX or directly to the U.S. Internal Revenue Service such books, papers, records or other data as described under Section 7062 of the Code.

These changes are appended as Attachment A; additions are underlined and deletions are struck through.

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, Natural Gas Exchange 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: James Oosterbaan
Title: President and CEO
Date: October 24, 2014

31 – Attachment A

- h. Other Instructions to Exchange – It is acknowledged by Exchange that under certain circumstances a Contracting Party may give verbal, instant messaging, or email instructions to Exchange in circumstances other than those described under Section 3.2(f), and Exchange may, in its sole discretion, agree to act on such instructions. The Contracting Party hereby designates Exchange as its agent for the purpose of carrying out any such instructions and agrees to be bound by any acts of Exchange in carrying out such instructions. The Contracting Party acknowledges that Exchange may in its sole discretion refuse to agree to act on the basis of any such instructions and that Exchange will have no liability to the Contracting Party in respect of any errors, omissions, or other actions regarding such instructions or in respect of any refusal to act.
- i. Recording – The Contracting Party acknowledges, consents and agrees to the electronic recording by Exchange of all conversations, instructions or agreements between Exchange and the Contracting Party and agrees that any such record will constitute documentary evidence as to any such conversations, instructions or agreements in tangible form. The Contracting Party and Exchange agree not to assert any legal defence as to the admissibility, validity or enforceability of any verbal or instant messaging instructions or agreements as evidenced by any such record, including any assertion that any such instructions or agreement is not in writing or signed by a party or both parties. Exchange will maintain any such record for a period of two years, or longer in particular if Exchange is aware of any dispute, controversy, difference or question which may be resolved by any such record and will provide the Contracting Party with a copy of any portion of such record to the extent relevant to any such dispute, controversy, difference or question relating to the Contracting Party.
- j. Forward Transactions—All terms and conditions applicable to a Forward Transaction are set forth in Schedule I.
- k. Non-clearable Transactions – The Contracting Party acknowledges and agrees that Exchange may determine, in its sole discretion that it is unable to clear certain transactions where transactions have been submitted in error into the NGX Clearing System. In the event that Exchange makes this determination, the transaction will be cancelled and the Contracting Parties to the transaction will be notified of the cancellation as soon as reasonably practicable by either phone, fax or email.
- l. 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.
- m. U.S. Internal Revenue Service Reporting
 - (A) Contracting Parties who are subject to the reporting requirements of brokers under Section 6045 of the U.S. Internal Revenue Code (“Code”) and the U.S. Treasury Regulations thereunder shall comply with such requirements, as amended from time to time, with respect to transactions effected on, or otherwise subject to this Agreement in the manner prescribed by Section 6045 of the Code, the regulations thereunder, and such other provisions of the Code and regulations that are pertinent thereto. Failure of a Contracting Party to comply with this provision will result in immediate suspension of such Contracting Party’s trading privileges on the Exchange (and the privileges of any successor to such Contracting Party) until the Contracting Party complies with these reporting requirements in all respects. Such compliance includes the filing of all returns that were required to have been filed under Section 6045 but were not filed or were filed improperly; and

(B) Notwithstanding any other provision of this Agreement, upon request by Exchange, Contracting Parties (with respect to transactions occurring on Exchange) will supply Exchange or directly to the U.S. Internal Revenue Service or any grand jury properly convened within the United States, books, papers, records, or other data as described in Section 7602 of the Code and the U.S. Treasury Regulations thereunder (hereinafter collectively referred to as “records”). Such requests will be made by Exchange whenever Exchange receives a written request, summons or subpoena to produce such records from the U.S. Internal Revenue Service or from any grand jury. Failure of a Contracting Party to comply with this provision will result in immediate suspension of such Contracting Party’s trading privileges on Exchange (and the privileges of any successor to such Contracting Party) until the Contracting Party complies with these reporting requirements in all respects.

(Effective date is November 10 2014 or as soon thereafter as permitted by CFTC regulation)

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 Party’s Obligations, credit support consisting of: (i) irrevocable letters of credit issued by Approved Financial Institutions in favour of Exchange in a form acceptable to Exchange; or (ii) cash delivered by 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.
- b. Grant of Security – As security for the payment and performance of its Obligations, the Contracting Party does hereby assign, pledge and grant to Exchange a first-ranking security interest in and lien on all estate, right, title and interest of the Contracting Party in and to:
- (A) any and all cash (including, without limitation, any cash delivered as Eligible Collateral Support), monies and interest bearing instruments contemplated by Section 3.3(j) delivered to, deposited with, or held by or on behalf of Exchange (with the exception of Retained Settlement Amounts);
 - (B) any rights to payment or performance owing from Exchange including, without limitation:
 - (I) any Previous Month Accounts Net Payable for such Contracting Party;