



April 29, 2013

Commodity Futures Trading Commission
Three Lafayette Centre
1155 - 21st Street, N.W.
Washington, D.C. 20581

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Attention: Secretary

Re: Natural Gas Exchange Inc. - Notification and self-certification of rule changes

1. SUBMISSION

In accordance with Regulation 40.6, Natural Gas Exchange Inc. (“NGX”) hereby submits amendments to its rulebook (the Contracting Party’s Agreement or “CPA”).

2. RULE CHANGE RATIONALE

NGX amended section 3.3(j) of the CPA to clarify how interest on collateral accounts is accrued and distributed and how contracting parties are updated with respect to their account balance. The revised rule clarifies that NGX deducts a portion of the interest earned for administrative purposes and permits contracting parties to have direct viewing access to their account balances.

This rule complies with the applicable provisions of the Commodity Exchange Act (“CEA”) including the core principles and regulations thereunder, including:

- Core Principle F – Treatment of Funds and CFTC rule 39.15 – Treatment of Funds. Section 3.3(j) of the CPA establishes procedures to protect contracting party funds by ensuring funds are deposited in an interest-bearing account and ensuring that the status of the party’s account is transparent to such party. An interest-bearing account minimizes the risk of loss or delayed access and minimizes any credit, market and liquidity risk as this is a liquid, non-speculative manner in which to hold the funds.
- CFTC Rule 1.29 – Increment or interest resulting from investment of customer funds. This rule makes clear that NGX is not prohibited from receiving and retaining as its own any interest resulting from the investment of customer funds.

3. DATE OF IMPLEMENTATION

The amendments are intended to become effective as of May 13, 2013. NGX participants will be advised of the amendments by May 3, 2013 via email notice and a posting on the NGX website.

4. OPPOSING VIEWS

There were no substantive opposing views to the revisions.

5. APPLICATION OF THE ACT AND REGULATIONS

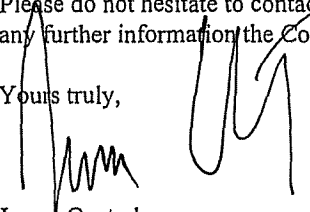
NGX hereby certifies that these amendments comply with the CEA and the regulations thereunder.

6. NOTICE OF PENDING CERTIFICATION

NGX posted a notice of pending certification with the Commodity Futures Trading Commission (“CFTC”) and a copy of the submission, concurrent with the filing of a submission with the Commission its website (www.ngx.com).

Please do not hesitate to contact myself (403-974-1765) or our Legal Counsel, Jennifer Oosterbaan (403-974-1740) for any further information the Commission or its staff may require in connection with this rule amendment.

Yours truly,



James Oosterbaan
President & CEO, Natural Gas Exchange Inc.

cc: Jennifer Oosterbaan, NGX
CFTC Southwestern regional office

performance of the Obligations of all of its Contracting Party Affiliates to Exchange under the Contracting Party Agreements entered into by such Contracting Party Affiliates. Except as Exchange may otherwise agree, for the purpose of allowing Exchange to realize on the Collateral provided by it to Exchange hereunder (including without limitation all letters of credit) to pay any of its Contracting Party Affiliates' Obligations, the Contracting Party hereby unconditionally guarantees (the "Guarantee") the prompt and complete payment and performance when due, whether in the ordinary course, by termination, acceleration or otherwise, of all Obligations of its Contracting Party Affiliates. This Guarantee is one of payment and not of collection. This Guarantee is irrevocable and shall remain in full force and effect and be binding upon the Contracting Party, its successors and assigns during the term of this Agreement and until all of the Obligations of its Contracting Party Affiliates have been satisfied in full. Upon the occurrence of a Default with respect to any Contracting Party or, except as Exchange may otherwise agree, any Contracting Party Affiliate, Exchange shall be entitled to draw upon any letter of credit provided to it by the Contracting Party up to the amount of the Obligations that are due.

- f. Suretyship Waiver – The Obligations of Contracting Party and its Contracting Party Affiliates and the grant of security in respect of this Agreement under Section 3.3(b) shall not be affected by any circumstance of any kind, including circumstances which might otherwise constitute a legal or equitable discharge of or defence of a guarantor or surety (other than payment in full).
- g. Separate Bank Account – Exchange will deposit all amounts consisting of cash transferred as Eligible Collateral Support in an interest bearing bank account at Exchange's Principal Banker separate from the corporate funds of Exchange or that of any affiliates or subsidiaries of Exchange. Exchange will keep all such amounts of Eligible Collateral Support from each Contracting Party in a separate bank account in trust and agrees to hold all of such amounts as trustee in accordance with the provisions of this Agreement. Exchange shall not be liable to the Contracting Party for any loss incurred as a result of any such depositing of amounts, and the Contracting Party shall be bound by the accounts and records of Exchange in determining and allocating the amount of any such loss.
- h. Bank Collateral Agreement – Exchange hereby confirms that the Bank Collateral Agreement is in full force and effect and has provided Exchange's Principal Banker with the Contracting Party's name and address for the purpose of providing any notice under, and the undertaking of Exchange's Principal Banker set forth in the Bank Collateral Agreement.
- i. Collateral of Contracting Party Affiliate – Except as Exchange may otherwise agree in writing with the Contracting Party, any Collateral provided by any Contracting Party and any Contracting Party Affiliate will be allocated between the Contracting Party and such Contracting Party Affiliate at any time and from time to time by Exchange to the extent required by the Risk Management Policy, the Liquidation Procedure pursuant to Section 5.6, the Close-out Procedure pursuant to Section 8.3, or as may be otherwise necessary to comply with the terms and conditions of this Agreement.
- j. Interest on Eligible Collateral Support – ~~The Contracting Party agrees that Exchange will~~ Cash Collateral will be deposited in an interest bearing bank account ("Cash Collateral Account"). Exchange will provide the Contracting Party with direct viewing access to its Cash Collateral Account, failing which, and upon request by the Contracting Party, Exchange will account ~~monthly to the Contracting Party for all daily interest earned on Eligible in a Cash Collateral Support consisting of cash deposited in an interest bearing bank account~~ Account ~~which exceeds \$100,000 Canadian or U.S. \$100,000 on any day by having credited to such bank accounts interest earned on such Eligible Collateral Support. Daily interest earned on Eligible Collateral~~

~~Support consisting of cash will be remitted to the Contracting Party quarterly unless otherwise requested by the Contracting Party or unless all such Eligible Collateral Support has been. NGX will, on a monthly basis, credit to the Cash Collateral Account, interest earned at an interest rate as notified by NGX from time to time ("Contracting Party Interest"). Any interest earned in excess of the Contracting Party Interest shall be deducted monthly by NGX from the Cash Collateral Account for administrative purposes. Cash Collateral, including Contracting Party Interest, will remain in the Cash Collateral Account and returned to the Contracting Party only in accordance with Section 9 of Schedule "C" or applied to settle an invoice settlement prior to the quarter. In order for the Contracting Party to earn daily interest on Eligible their Cash Collateral Support consisting of cash Account for the day upon which such Eligible Collateral Support is deposited with Exchange, such Eligible Collateral Support must be received by Exchange in accordance with the Risk Management Policy no later than 12:30 p.m. (Mountain time) for Canadian funds and 1:30 p.m. (Mountain time) for U.S. funds.~~

(May 13, 2013 or such later date as may be designated by Exchange on notice to the Contracting Parties)

3.4 Agreements of Exchange

- a. Confidentiality – Exchange hereby agrees to use its commercially reasonable efforts to keep confidential any and all financial or other information received from the Contracting Party from time to time, including pursuant to the Application, and information in respect of any Transaction entered into by the Contracting Party, any and all information about the trading patterns, prices (including market price reference) and accounts. Nothing in this paragraph shall prevent Exchange from disclosing any information as may be required or allowed pursuant to the terms of this Agreement, to ICE or to any other service provider of Exchange in connection with the performance of any Transaction or as may be required to be disclosed by either Exchange or ICE by law or any regulatory authority, or as may be disclosed in the course of securing, or pursuant to, any order, consent or approval signifying, any Regulatory Approval.
- b. Software License – Exchange grants to the Contracting Party a limited, revocable, paid-up, non-transferable and non-exclusive license to use the NGX Clearing System for the sole purpose of, and in accordance with, this Agreement. Exchange represents and warrants to the Contracting Party that it has the full right, power and authority to license the NGX Clearing System to the Contracting Party.
- c. Indemnification for Infringement – Exchange agrees to protect, defend, hold harmless and indemnify the Contracting Party from and against any and all claims, damages, liabilities, losses and expenses for any infringement or alleged infringement of a patent, copyright, trade secret or other intellectual property right by the NGX Clearing System or the Contracting Party's use thereof. Exchange will have the sole right to defend, on behalf of the Contracting Party or in its own name, any such action for infringement but Exchange will provide the Contracting Party with reasonable information in respect of such action from time to time. Exchange may settle any action for infringement against the Contracting Party for which its obligation of indemnification of the Contracting Party is effective hereunder without the Contracting Party's written approval and may settle any other such action for infringement with the Contracting Party's written approval, which approval will not be unreasonably withheld. Exchange will have no indemnity obligation for infringement claims: (i) resulting from any combination, operation or use of the NGX Clearing System with any programs or equipment not supplied by Exchange, if such infringement would have been avoided but for such use; (ii) resulting from any activity of the Contracting Party which is in breach of this Agreement; or (iii) if the Contracting Party does not give Exchange prompt notice of an infringement claim against it and provide Exchange, at Exchange's cost, with reasonable assistance with the defence of the action.

the NGX Trading System; (ii) subject to the Block Transaction provision of Section 3.2(f); or (iii) subject to its Exchange of Futures for Related Product provision under Section 3.2(e);

m. “Call Option” means an option obligating the Option Buyer to cause an Underlying Futures Transaction to become effective if the relevant Option Exercise Conditions have, or deemed to have, been met (the “Exercise”) such that the Option Buyer becomes the buyer in the Underlying Transaction (the Buyer if a Physically Settled Futures Transaction or Financially Settled Futures Transaction and the Fixed Price Payer if a Financially Settled Futures Transaction) and, as of the Exercise, the terms and conditions applicable to such Underlying Transaction govern, all of which shall correspond to, have the particulars and will be referred to in all trading and other information generated on the NGX Trading System and NGX Clearing System by one of the designations set forth in Schedule “E”, and which option may be available on the NGX Trading System or NGX Clearing System from time to time;

n. “Canadian Dollar” or “\$” means the lawful currency of Canada;

~~o. “Cash Collateral” has the meaning ascribed thereto in Section 9(b) of Schedule “C”;~~

~~(May 13, 2013 or such later date as may be designated by Exchange on notice to the Contracting Parties)~~

~~p. “Cash Settlement Amount” means the amount payable on the Settlement Date as more particularly described in Schedule “E”;~~

~~q. “Cash Settlement Date” means, for each Financially Settled Futures Transaction, the Business Day determined by Exchange from time to time in accordance with industry practice for such Transaction, as posted on Exchange’s Website not less than one month prior to the occurrence of such date, other than Invoices issued as a result of a Contracting Party’s Default or under the Close-out Procedure which amounts require payment immediately;~~

~~r. “Chief Compliance Officer” shall have the meaning set out in Section 6.2 of these Terms and Conditions;~~

~~s. “Close-out Procedure” means the procedure outlined in Section 8.3 pursuant to which the Exchange may enter into Option Transactions or any Financially Settled Futures Transaction, as the case may be, to Set-Off, in whole or in part, the Obligations of the Defaulting Party under Option Transactions or Financially Settled Futures Transactions;~~

~~t. “Collateral” has the meaning set forth in Section 3.3(b);~~

~~u. “Confirmation” means any Physically Settled Futures Gas Confirmation, Physically Settled Futures Oil Confirmation, Financially Settled Futures Confirmation, Option Confirmation, Exchange of Futures for Related Product Confirmation or Forward Confirmation;~~

~~v. “Contract Quantity” means the total quantity of gas or Oil to be delivered or taken during the term of a Physically Settled Futures Transaction;~~

~~w. “Contracting Party” means the party, other than Exchange, who has become an approved participant on Exchange, and has entered into this Agreement, and “Contracting Parties” means all parties, including the Contracting Party, which have entered into a Contracting Party Agreement;~~

Support to Exchange within the next Business Day or, if the next Business Day is a day that is a Recognized Banking Holiday, then on the first Business Day that is not a Recognized Banking Holiday following any such request. 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.

- b. A Contracting Party may request a return of Eligible Collateral Support it has provided to Exchange in the form of cash ("Cash Collateral"), or a reduction of Eligible Collateral Support it has provided to Exchange in the form of a letter of credit as Collateral if:
- (i) its Margin Requirement is less than eighty percent (80%) of the value of the Collateral that it has provided and is available to Exchange, all as calculated hereunder (the "Minimum Collateral Amount"); and
 - (ii) no Default has occurred with respect to such Contracting Party.

Upon such a request, Exchange agrees to:

- (i) return an amount of Cash Collateral equal to the lesser of:
 - (1) the full amount of such Cash Collateral; or
 - (2) such portion of such Cash Collateral as would reduce the value of the Collateral of the Contracting Party to be retained by Exchange, as calculated hereunder, to the Minimum Collateral Amount,

such return of Cash Collateral to occur on the next Business Day or, if the next Business Day is a Recognized Banking Holiday, then on the first Business Day that is not a Recognized Banking Holiday, following such request; or

- (ii) accept a new or revised letter of credit where the value of the Collateral of the Contracting Party to be retained by Exchange, as calculated hereunder, meets or exceeds the Minimum Collateral Amount.

10. RISK TO EXCHANGE

Notwithstanding any provision of this Agreement, Exchange reserves the right at any time to: (a) decline to enter into any Transactions which, in Exchange's sole determination, increases the credit exposure or adds additional risk of loss to or otherwise affects the risk profile of Exchange; or (b) take any other reasonable actions to preserve the integrity and security of Exchange, the NGX Trading System and/or the NGX Clearing System (including, without limitation, making a request of a Contracting Party for additional Eligible Collateral Support), as determined in the sole discretion of Exchange.

11. SETTLEMENT

Exchange will settle all Transactions in accordance with this Agreement, including without limitation the Risk Management Policy for all Contracting Parties including the payment, deposit or transfer of Collateral to Exchange by the Contracting Parties to ensure the performance of all Transactions by the Contracting Parties.

12. AFFILIATE NETTING

Except as Exchange may otherwise agree, and without limitation to any other provision in this Agreement, Exchange will net the Transactions and related financial obligations of any Contracting Party and its Contracting Party Affiliates under this Agreement as follows: