



## NOTICE

### Renaming of NGX Futures Instruments Introduction of Bilateral only Forward instruments

**To:** All Market Participants

**Date:** February 27, 2013

**From:** Natural Gas Exchange Inc.

#### Updates on Dodd Frank Related Changes at NGX

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Further to the notice of Feb 14, 2013, in preparation for the transition of NGX from an Exempt Commercial Market ("ECM") by the U.S. Commodity Futures Trading Commission ("CFTC"), to a registered Foreign Board of Trade ("FBOT"), there will be some important changes to NGX markets.

**These changes to NGX markets will take effect on March 1/13.** From a regulatory perspective however, there are no changes with respect to NGX product designations until NGX's FBOT application has been approved (expected no later than March 31/13). We will provide a notification of the effective regulatory date once available.

#### Product Name Change of Foreign Futures on NGX FBOT

Commencing March 1<sup>st</sup>, there will be a naming convention change to the NGX screen traded and cleared Phys products at Canadian points ("Cleared Markets"). The new names will include "FUT" after "Phys" on the ICE screen.

For example:

**NGX Phys, FP (CA/GJ) becomes NGX Phys FUT, FP (CAD/GJ)**

#### Test Environment Availability

NGX understands that various companies map their respective transactions to various back-office processes and systems within their organizations from the ICE API. This API test environment is currently in place with the Intercontinental Exchange (ICE) to provide system mapping assurances.



## Bilateral Trading Screens

On December 5, 2012, the CFTC adopted final rules imposing formal registration and other requirements on foreign exchanges (FBOTS) that allow persons in the United States to directly access the FBOT's electronic trading and order matching system for futures, options and CFTC regulated swaps.

One of the requirements for registration is that all contracts that an FBOT makes available for trading by direct access in the United States will be subject to a clearing requirement Rule 48.7(c)(1)(ii) Section 738 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. As a result of such and effective on the date of registration of NGX as a FBOT, all Cleared Markets orders within the FBOT will be categorized as foreign futures and subject to the clearing requirement. Therefore, **commencing March 1/13 NGX will no longer be offering bilateral (un-cleared) trading at Canadian locations within the Cleared Markets central limit order book (CLOB).**

A separate stack (bilateral matching screen) will be made available on March 1, 2013 ("Physical Bilateral Markets"). Trading in this stack will be limited to physical bilateral products at Canadian locations only; there will be no option to clear these products<sup>1</sup>. Unlike the aforementioned Cleared Markets, regulatory product designation in the Physical Bilateral Markets is determined solely by the parties (buyer and seller) to the transaction. The NGX naming convention in these markets will include the term "Fwd". For example:

### **NGX Phys Fwd, FP (CA/GJ)**

If you have any questions with respect to this notice, please do not hesitate to contact your NGX Marketing Representative or the NGX Help Desk at 1 403 974 4357 (974 HELP).

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<sup>1</sup> While transactions consummated in the bilateral matching screen cannot be automatically routed to NGX for clearing, the bilateral parties may subsequently submit such transactions for clearing through NGX's OTC clearing services.