



## **Becoming a Contracting Party with NGX**

**Sign Up Guide**

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### Initial Steps

Thank you for your interest in clearing with NGX. Below you will find a summary of requirements and action items to provide for the ability to transact with NGX. Should you have any questions throughout the sign up process, please contact your NGX Marketing or Clearing Representative.

In order to become a Contracting Party with NGX, the following steps must be completed:

- 1) Meet the **Minimum Qualification Requirement**
- 2) Review and execute the **NGX Contracting Party's Agreement** ("CPA")
- 3) Execute the **ICE Participants Agreement** ("PA")
- 4) Complete the **NGX Contracting Party Administration Form** ("CPAF")
- 5) Arrange to **provide collateral** pursuant to the terms and conditions of Schedule C of the CPA

### Minimum Qualification Requirement

To qualify with NGX, each trading entity must meet NGX's minimum qualification requirement on an ongoing basis by having a net worth exceeding CAD \$5,000,000 or total tangible assets exceeding CAD \$25,000,000. To satisfy this requirement the most recent audited or unaudited year-end financial statements of the trading entity can be submitted to clearing@ngx.com.

If financial statements are not available for the trading entity, financial statements from a parent company will suffice as long as the trading entity is majority owned by the parent company. To confirm ownership, NGX will require an organizational chart or a letter from a Corporate Secretary clearly showing this relationship.

### Contracting Party's Agreement

NGX utilizes a standardized legal agreement with all the participating firms that transact through the Exchange. This agreement, called the NGX Contracting Party's Agreement ("CPA"), outlines the terms and conditions for conducting business with NGX. Both the trading and the clearing components of NGX are governed by the provisions of the CPA. The agreement has been executed by companies that comprise a cross-section of the North American energy industry, including producers, electricity generators, storage facility operators, industrial consumers, utilities, pipelines, aggregators, marketing firms, hedge funds and financial institutions.

A copy of the CPA and its execution pages can be obtained from your NGX Marketing or Clearing Representative.

### ICE Participants Agreement

All products that are cleared by NGX are traded on the ICE platform and, as such, all Contracting Parties must also execute the ICE Participants Agreement ("PA") prior to being enabled to clear with NGX.

A copy of the PA and execution pages can be obtained from the ICE help desk at icehelpdesk@theice.com or 770-738-2101.

### Contracting Party Administration Form

The Contracting Party Administration Form ("CPAF") is to be completed in full by the designated Administrator as indicated on the CPA execution pages. This form provides NGX with various contact information, pipeline information for desired trading locations, as well as other required information.

A copy of the CPAF can be obtained from your NGX Marketing or Clearing Representative. Once the form is complete it can be submitted to clearing@ngx.com.

### Provide Collateral

NGX's risk management policy requires that each Contracting Party post sufficient collateral to cover its margin requirement, calculated pursuant to the terms of the CPA. To begin clearing with NGX, collateral deposits may take

the form of a letter of credit ("LC") or cash, and once trading begins then collateral may take the form of any combination of the acceptable forms of collateral and offsets. It is important to note that collateral is held to support a specific Contracting Party's traded positions and can only be used to remedy a performance failure by the Contracting Party itself.

Collateral deposits with NGX may take the form of:

- 1) An LC issued by a Bank that is acceptable to NGX (a bank with a rating of A or better and subject to NGX's discretion). Prior to issuing an LC, be sure that the issuing bank has been approved by NGX. The LC must be issued using NGX's standard format, as shown in Appendix 1.
- 2) A cash amount held in a segregated account by NGX's settlement bank, Toronto Dominion Bank. Cash can be sent to NGX using the wire instructions, as shown in Appendix 2.

Cash collateral earns interest at the following rates:

CAD cash earns TD OMMR - 0.25%  
<http://www.tdcommercialbanking.com/overnight.jsp>

USD cash earns TD OMMR -0.20%  
[http://www.tdcommercialbanking.com/overnight\\_US.jsp](http://www.tdcommercialbanking.com/overnight_US.jsp)

Once trading begins, collateral deposits may also take the form of:

- 3) A previous month account payable by NGX to the Contracting Party, provided that such previous month account payable will only constitute collateral until the 20<sup>th</sup> day of the settlement month for physical contracts, and the 1<sup>st</sup> day of the settlement month for financial contracts.
- 4) A current month account payable by NGX to the Contracting Party.
- 5) A positive variation margin amount (i.e. in the money position), until such time as the variation margin is no longer positive, or until the position converts from a variation margin amount to an A/P or A/R.

Please contact your NGX Clearing Representative to determine an appropriate amount of collateral to deposit with NGX.

Once the above steps are complete and any additional requirements have been satisfied, the new Contracting Party can be enabled with trading permissions. In order to clear natural gas or power products, an ICE clearing account is required. Please follow the steps outlined below to request a clearing account.

## 2) ICE CLEARING ACCOUNT SETUP

### ICE Clearing Account Setup

The following steps outline the process to request and set up a clearing account with NGX, through ICE, which is required to clear with NGX. The first 2 steps listed below can only be completed by those individuals with Super User or Risk Manager access on ICE, and the final step must be completed by each trader.

### Request a Clearing Account

- 1) Log into ICE with user ID and request a Clearing Account from Natural Gas Exchange
  - a) Click "Admin" along the top menu
  - b) Select "Edit Counterparty Filters"
  - c) Click "Clearing" along the top menu
  - d) Select "Account Request"
  - e) Scroll down the "Clearing Firm" column/list to find "Natural Gas Exchange"
  - f) Enter "1" in "Request new account" box
  - g) Click "SEND REQUEST"

### Associate Traders to Clearing Account

- 2) Associate traders to Clearing Account from NGX called "ALL NGX".
  - a) Click "Admin" along the top menu
  - b) Select "Edit Counterparty Filters"
  - c) Click "Clearing" along the top menu
  - d) You will then see a list of user ID's on the Trader Profile tab
  - e) Click on the trader's user ID that you wish to associate with NGX, this will bring up a new box
  - f) Select NGX – ALL NGX and Click on Right Arrow to move ID over to the right section
  - g) Repeat step e) & f) for all traders that you wish to associate with NGX
  - h) Save changes

### Associate Portfolios with NGX

- 3) Traders can now associate their portfolios with NGX.
  - a) Right Click on Portfolio that you wish to associate with NGX
  - b) Click "Edit Portfolio"
  - c) For Clearing Firm select NGX
  - d) For Account ID select ALL NGX
  - e) Save changes

### 3) APPENDIX 1 – NGX STANDARD LC FORMAT

#### NGX Standard LC Format

SWIFT MT 760 or 700 Message

Date: Month/Day/Year

Irrevocable Standby Letter of Credit No: \_\_\_\_\_

Date of Expiry: \_\_\_\_\_

Place of Expiry: At our counters, CITY, PROVINCE/STATE

Amount: CAD/USD\_\_\_\_\_.00

Applicant:

CONTRACTING PARTY'S FULL LEGAL NAME

Address: \_\_\_\_\_

Address: \_\_\_\_\_

Advising Bank:

Swift: TDOMCATTMTL

The Toronto-Dominion Bank, Global Trade Finance

900 Home Oil Tower, 324 - 8th Avenue SW

Calgary, AB T2P 2Z2

Beneficiary:

Natural Gas Exchange Inc

Suite 2330, 140 – 4 Avenue SW

Calgary, Alberta T2P 3N3

Please advise beneficiary without adding your confirmation that an irrevocable standby letter of credit in the following format has been issued in their favor:

At the request of our customer, APPLICANT (fill in), we, ISSUING BANK, ISSUING BANK'S ADDRESS, hereby issue in your favour our Irrevocable Standby Letter of Credit No \_\_\_\_\_ (the "Credit") in the total amount of CAD/USD\_\_\_\_\_.00 (CANADIAN/USD DOLLARS \_\_\_\_\_ MILLION ONLY).

Payment under this Credit is available to you, on or before the expiry date, against receipt at our counters of an authenticated SWIFT from Advising Bank stating that they have received an authenticated drawing from Beneficiary under Standby Letter of Credit No \_\_\_\_\_ dated \_\_\_\_\_, and stating that:

"APPLICANT has defaulted in accordance with the terms and conditions of the Contracting Party's Agreement as revised from time to time and as executed among APPLICANT and Natural Gas Exchange Inc. and as a result of such default, Natural Gas Exchange Inc. is drawing upon Standby Letter of Credit No \_\_\_\_\_ dated \_\_\_\_\_ in the amount of CAD/USD\_\_\_\_\_."

If the authenticated SWIFT is received at our counters by 12 noon (ISSUING BANKS CITY, PROVINCE/STATE TIME), on any day on which we are open for business, in conformity with the terms and conditions of this Credit, we will honour your demand by making payment on the next business day. Otherwise payment will be made two business days after receipt of your demand.

We shall honour your demand for payment without enquiring whether you have a right as between yourself and our customer to make such demand, and without recognizing any claim of our customer.

Partial drawings and multiple presentations are permitted. The amount of this Credit shall be automatically reduced by the amount of any drawing paid hereunder.

This Standby Letter of Credit will be effective immediately and will remain in effect until \_\_\_\_\_.

All banking charges other than issuing bank's charges are for the account of beneficiary.

This Irrevocable Standby Letter of Credit is subject to the International Standby Practices 1998, International Chambers of Commerce Publication No. 590 (the "ISP98"), and to matters not addressed by ISP98, shall be governed by the laws of the Province of Alberta and applicable Canadian Federal Law.

\*Prior to issuing an LC, be sure to have the issuing bank approved by NGX. Please ensure the bank completes all required information, including filling in all blanks and replacing all words in capital letters as necessary.

## 4) APPENDIX 2 – NGX WIRE INSTRUCTIONS

### NGX Wire Instructions – Physical Settlement

Please use the following banking instructions for physical settlement and to post cash collateral for the purpose of covering a Margin Requirement:

#### CANADIAN WIRE INSTRUCTIONS

Credit Account of:  
Natural Gas Exchange Inc  
TD Commercial Banking  
2 Calgary Place, 340-5 Avenue SW  
Calgary, AB T2P 0L3  
Bank: 0004  
Transit: 80609  
Account: 0805 0973772

#### US WIRE INSTRUCTIONS – for funds originating in Canada

Credit Account of:  
Natural Gas Exchange Inc  
TD Commercial Banking  
2 Calgary Place, 340-5 Avenue SW  
Calgary, AB T2P 0L3  
Bank: 0004  
Transit: 80609  
Account: 0805 7311980

#### US WIRE INSTRUCTIONS – for funds originating in the US

Beneficiary: Natural Gas Exchange Inc  
Beneficiary Address: 140 4 Avenue SW Suite 2330  
Calgary, AB T2P 3N3  
Beneficiary Banks: TD Canada Trust  
SWIFT Code: TDOMCATTOR  
Bank Address: 340 5 Avenue SW  
Calgary, AB T2P 0L3  
Bank Code: 0004  
Branch: 80609  
Beneficiary Account: 0805 7311980  
Intermediary Bank: Bank of America, NY, NY  
Intermediary ABA: 026 009 593

### NGX Wire Instructions – Financial Settlement

Please use the following banking instructions for financial settlement:

Credit Account of:  
Natural Gas Exchange Inc.  
TD Commercial Banking  
2 Calgary Place  
340 – 5th Avenue SW  
Calgary, AB T2P 2P6  
Bank: 0004  
Transit: 80609  
Account: 0805 05358036

\*Please note each Contracting Party that transacts Financial Power Products will receive an individual bank account for the purpose of settling daily mark-to-market invoices.

NGX GST # 136904232

**Contact Information**

Please contact your NGX Marketing or Clearing Representative with any questions.

**Canadian Natural Gas & Power Marketing Contacts**

Gary Gault	403-974-1707	gary.gault@ngx.com
Blair McDermid	403-974-1718	blair.mcdermid@ngx.com
Rob MacDonald	403-974-4304	rob.macdonald@ngx.com

**Canadian Crude Oil Marketing Contacts**

Stephen Butler	403-974-1738	stephen.butler@ngx.com
Mike Pashniak	403-974-1751	mike.pashniak@ngx.com
Hugh Prodan	403-974-1723	hugh.prodan@ngx.com
Nick Mazur	403-974-1754	nick.mazur@ngx.com

**US Natural Gas & Crude Oil Marketing Contacts**

Matt Frye	281-720-0515	matt.frye@ngx.com
Curt Lizzi	403-974-1725	curt.lizzi@ngx.com
Ken Skaer	210-277-8666	ken.skaer@ngx.com

**Clearing Contacts**

Janelle Dormaar	403-974-1763	janelle.dormaar@ngx.com
Louise Waterhouse	403-974-1753	louise.waterhouse@ngx.com
Artem Plotnikov	403-974-1737	artem.plotnikov@ngx.com
Joshua Bue	403-974-1755	joshua.bue@ngx.com

Group email address: clearing@ngx.com

**Settlement Contacts**

Jemma Spence	403-974-4379	jemma.spence@ngx.com
Carolyn Ferguson	403-974-4309	carolyn.ferguson@ngx.com

Group email address: settlement@ngx.com

