

UNITED STATES OF AMERICA

Before the

COMMODITY FUTURES TRADING COMMISSION

**In the Matter of the Application of
Natural Gas Exchange Inc.
For Registration as a Derivatives Clearing Organization**

AMENDED ORDER OF REGISTRATION

On December 12, 2008, the Commodity Futures Trading Commission (the "Commission") issued an order (the "Original Order") pursuant to Section 5b of the Commodity Exchange Act (the "Act"), 7 U.S.C. § 7a-1, granting Natural Gas Exchange Inc. ("NGX") registration as a derivatives clearing organization ("DCO") for the clearing of (i) physically delivered or financially settled contracts based on energy products that could qualify as exempt commodities as defined in the Act, (ii) over-the-counter ("OTC") derivative instruments, as such term was defined in Section 408(2) of the Federal Deposit Insurance Corporation Improvement Act, 12 U.S.C. § 4421(2), and (iii) spot contracts not subject to the Act.

On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") was enacted. The Dodd-Frank Act, among other things, amended Section 5b of the Act, which sets forth core principles that govern the activities of registered DCOs ("Core Principles"). Subsequently, the Commission adopted amendments to Part 39 of its regulations, 17 C.F.R. Part 39, to implement the Core Principles. The Commission has identified certain terms and conditions specified in the Original Order that are superseded by Dodd-Frank Act amendments to the Act and/or amendments to Part 39 of the Commission's regulations.

By letter dated November 15, 2012, NGX petitioned the Commission to amend the Original Order to permit NGX to clear (i) any energy contract traded on, or subject to the rules of, a registered foreign board of trade (“FBOT”), (ii) any OTC energy contract that is traded bilaterally, (iii) any energy swap that is traded on or subject to the rules of a designated contract market (“DCM”) or a registered swap execution facility (“SEF”), or (iv) any spot or forward contract. In addition, NGX petitioned the Commission under Regulation 39.14(b) to permit NGX to provide for settlement of variation adjustments to collateral using an accrual accounting methodology, rather than a daily payment and collection methodology, for certain contracts.

The Commission has reviewed the petition, along with exhibits, supplemental documents, and other supporting information, and finds that NGX has demonstrated its ability to comply with the requirements of the Act and applicable Commission regulations thereunder, including Regulation 39.14(b), as provided herein.

In light of the foregoing, **IT IS ORDERED**, pursuant to Section 5b of the Act, 7 U.S.C. § 7a-1, that the Original Order is superseded and NGX is granted registration as a DCO subject to the terms and conditions specified herein:

(1) Cleared Products. NGX is hereby permitted to clear, in its capacity as a registered DCO, (i) physically delivered or financially settled contracts (futures or swaps) based on energy products that could qualify as exempt commodities as defined in Section 1a(20) of the Act, 7 U.S.C. § 1a(20), traded on or subject to the rules of a registered FBOT; and (ii) physically delivered or financially settled swaps as defined in Section 1a(47) of the Act, 7 U.S.C. § 1a(47), based on energy products that could qualify as exempt commodities as defined in Section 1a(20) of the Act, 7 U.S.C. § 1a(20), and which are traded bilaterally or on or subject to the rules of a

DCM or a registered SEF. The clearing of spot or forward contracts, the trading of which is not subject to the Act, is not prohibited by this Order.

(2) Compliance with the Act and Commission Regulations. NGX shall comply, and shall demonstrate compliance as requested by the Commission, with applicable provisions of the Act, including the Core Principles, and Commission regulations, as may be amended or adopted from time to time. NGX shall fulfill each of the representations it has made relating to compliance with the Core Principles and Commission regulations.

(3) New Regulations. Should the Commission promulgate a regulation addressing or otherwise affecting any aspect of this Order, then such regulation will apply and supersede the applicable terms in this Order.

(4) Daily Settlement Procedures. Pursuant to Regulation 39.14(b), NGX may use an accrual accounting methodology to calculate settlement of variation adjustments to collateral, rather than a daily payment and collection model. NGX shall calculate daily variation and post daily such gains or losses in its risk management system to the account of each NGX clearing member. NGX shall maintain appropriate compliance systems to monitor the settlement of variation adjustments to collateral and its accrual accounting methodology.

(5) Self-Regulatory Function. NGX shall ensure the performance of all self-regulatory functions required of it as a registered DCO under the Act and Commission regulations, including, without limitation: (a) monitoring and enforcing clearing member compliance with NGX admission and continuing eligibility standards, such as capital requirements; (b) conducting examinations of the risk management procedures of each clearing member on a periodic basis; and (c) enforcing clearing member compliance with the terms of all NGX rules and procedures not specifically referenced in clauses (a) and (b) of this section.

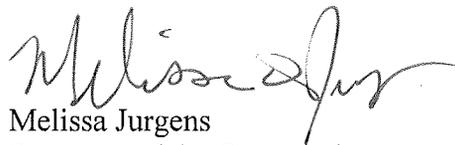
(6) Changes in Applicable Law. NGX shall immediately inform the Commission of any change in Canadian law or the law of any province thereof that materially impacts NGX's operation as a central counterparty, including, without limitation: (a) any law related to insolvency that materially impacts NGX or its clearing members, and (b) any material change in NGX's registration or licensure status with any securities or commodities regulatory authority in any province of Canada.

(7) Agent for Service of Process. NGX shall maintain a valid, effective, and binding agreement appointing an agent in the United States for purposes of communications, including acceptance, on behalf of NGX, of any summons, complaints, orders, subpoenas, requests for information, notice, or any other written document or correspondence issued by or on behalf of the Commission, the United States Department of Justice, or any clearing member clearing proprietary or customer positions at or through NGX, and NGX shall promptly inform the Commission of any change in such agent or such agreement.

(8) Reservation of Rights. This Order is based upon the representations made and supporting material provided to the Commission by NGX. In the event of any changes to or omissions in the material facts or circumstances pursuant to which this Order is issued, or for any reason in its own discretion, the Commission may condition, modify, suspend, terminate, or otherwise restrict the terms of this Order, as appropriate and as permitted by law, on its own motion.

Issued in Washington, D.C., this 20th day of March, 2013.

By the Commission



Melissa Jurgens
Secretary of the Commission