

UNITED STATES OF AMERICA
Before The
COMMODITY FUTURES TRADING COMMISSION

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

ORDER OF REGISTRATION

The Natural Gas Exchange Inc. (“NGX”) has submitted, pursuant to Section 5b(b) of the Commodity Exchange Act (“CEA”), 7 U.S.C. 7a-1(b), an application, including supporting materials and written representations made while the application was pending (together, the “Application”) for registration as a derivatives clearing organization (“DCO”).

Based on the Application and information provided in support of the Application, the Commission finds that NGX has demonstrated compliance with the requirements under the CEA and the Commission’s regulations thereunder applicable to registration of DCOs. Therefore,

IT IS ORDERED, pursuant to Section 5b(b) of the CEA, 7 U.S.C. 7a-1(b), that the application of NGX for registration as a DCO is granted, subject to the terms and conditions specified herein.

IT IS FURTHER ORDERED, that:

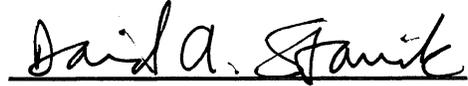
- (1) NGX shall limit its activities as a DCO to physically delivered or financially settled contracts based on energy products that could qualify as exempt commodities as defined in Section 1(a)(14) of the CEA, 7 U.S.C. 1a(14).
- (2) NGX shall further limit its activities as a DCO to over-the-counter derivative instruments, as such term is defined in Section 408(2) of the Federal Deposit Insurance Corporation Improvement Act, 12 U.S.C. 4421(2). NGX may also clear spot contracts not subject to the CEA.
- (3) NGX may not clear contracts traded on a contract market designated as such pursuant to Section 5 of the CEA, 7 U.S.C. 7 or on a derivatives transaction execution facility registered as such pursuant to Section 5a of the CEA, 7 U.S.C. 7a.
- (4) NGX shall at all times remain in compliance with the core principles set forth in Section 5b of the CEA, 7 U.S.C. 7a-1, and at all times fulfill each of the various commitments and representations made in the Application.

- (5) NGX shall ensure the proper performance of all self-regulatory functions required of it as a DCO under the CEA and the Commission's regulations, including enforcement of the terms of all NGX rules, regulations, and procedures.
- (6) NGX shall promptly inform the Commission of any event, circumstance, or situation concerning any of NGX's operations that may reasonably be expected to materially detract from NGX's ability to continue complying with any of the core principles set forth in Section 5b of the CEA, 7 U.S.C. 7a-1.
- (7) NGX shall immediately inform the Commission of the default of any NGX participant and shall provide the Commission with information regarding the impact of the default on the adequacy of NGX's financial resources. For purposes of this paragraph, a default shall be considered to have occurred if NGX notifies a Contracting Party of a default in accordance with either Section 5.5 or Section 8.2 of the Contracting Party Agreement submitted as part of the Application (or any successor provision).
- (8) NGX shall promptly inform the Commission of
 - a) any material change in any law or regulation of Canada or any province thereof, applicable to NGX's operation as a DCO (including, but not limited to, any law discussed in the Application relating to insolvency), or
 - b) any material change in NGX's status with securities regulators in any province of Canada.
- (9) NGX shall monitor and enforce compliance by its participants with NGX's eligibility criteria.
- (10) In the event of an emergency NGX shall notify officials of the Commission as soon as practicable by telephone, confirmed in writing, of the declaration of such an emergency, the reasons therefore, and the actions taken.
- (11) NGX shall maintain a valid, effective, and binding agreement appointing an agent in the U.S. for purposes of accepting 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 U.S. Department of Justice, or any U.S. Contracting Party, and NGX shall promptly inform the Commission of any change in such agent or agreement with such agent.

This Order is based upon the representations made and supporting material provided to the Commission by NGX. In the event of any material changes to or omissions in the facts and circumstances pursuant to which this Order is granted, 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, on its own motion.

Issued in Washington, D.C., this 12th day of December 2008

By the Commission

A handwritten signature in cursive script, reading "David A. Stawick", is written over a horizontal line.

David A. Stawick
Secretary of the Commission