



October 5, 2012

Regulatory Compliance Notice to Customers

Dear NGX Customer:

NGX is regulated by the Alberta Securities Commission ("ASC") as a Recognized Exchange and a Recognized Clearing Agency and by the U.S. Commodity Futures Trading Commission ("CFTC") as a Derivatives Clearing Organization ("DCO") and currently as an Exempt Commercial Market ("ECM"). This regulatory structure enables both Canadian and U.S. entities to access NGX's markets and clearing services.

NGX has applied to the CFTC for recognition as a Foreign Board of Trade ("FBOT") in place of NGX's status as an ECM, which is being eliminated under the provisions of the Dodd-Frank Act ("DFA"). We anticipate this occurring no later than Dec 31, 2012. The specific impact of this transition and the planned changes described below are as follows:

NGX Exchange

Futures:

Currently NGX products are regulated in Canada as futures contracts, or a subset called exchange contracts and, because NGX operates as an ECM, until now have been uncategorized for U.S. regulatory purposes. NGX is today clarifying that in its view the products traded and cleared through NGX are properly characterized as "futures" contracts for U.S. regulatory purposes. Accordingly, NGX will formally identify all of NGX's Canadian cleared products as "Futures" in its rules (i.e. the CPA), on its trading platform and clearing house to clearly reflect their regulatory treatment. When NGX becomes registered as an FBOT, its Canadian cleared products will be "Foreign Futures" under the U.S. regulatory framework and will maintain their current status under Canadian regulations. Accordingly, NGX will shortly formally name these products as "Futures" and denote that they are listed as cleared only. We will provide an exact date of this action in a separate notice. You, our customer, should notice no other change.

Forwards:

Forwards under U.S. regulations are contracts which are transactions for deferred shipment or delivery and that are intended to be physically settled. NGX will provide a facility for the matching of forward contracts in physical crude oil products. Forward contracts will be listed in a separate pricing stack from futures and will not be included in the Futures central limit order book ("CLOB"). Matched forward contracts will not be automatically forwarded by NGX to NGX clearing house for clearing. However, market participants, if they subsequently agree, may choose to submit their forward contracts to NGX via an Exchange of a Futures for a Related Product ("EFRP") for clearing.

NGX Swap Execution Facility ("SEF")

NGX intends to register with the CFTC as a Swap Execution Facility when the final rules are effective. This SEF facility will enable NGX to list swaps for centralized trading which need not be cleared. This will provide a facility which enables customers to transact uncleared transactions in a structured and regulated marketplace. Swaps that are not subject to required clearing and which will be listed for trading on NGX SEF include swaps for which no mandatory clearing order has been issued by the CFTC and swap transactions by nonfinancial end-users which hedge or mitigate commercial risk. Products listed for trading on NGX SEF will be included in a separate pricing stack and not included with the Futures central limit order book ("CLOB").

NGX Clearing Facility & DCO

Futures contracts executed on NGX are, and NGX plans that they continue to be, cleared on NGX DCO.

NGX provides clearing services for several of ICE's physical OTC Natgas hubs in the U.S ("U.S. Physical Natgas"). ICE has advised NGX that, effective October 12, 2012, ICE will formally designate U.S. Physical Natgas products as Forwards, listed for trading on ICE Futures US. ICE has advised NGX that ICE does not anticipate any changes in the listing or execution of these products after October 12, 2012. These Forward contracts will be accepted for clearing by NGX clearing house via an NGX EFRP and cleared as futures.

NGX clearing house will also accept for clearing through an NGX EFRP, Physical and Financial Natgas, Financial Power and Physical Crude Oil contracts, that are executed bi-laterally. Following their submission as an EFRP to NGX, these transactions will be cleared as Futures by NGX clearing house. NGX clearinghouse requirements, including acceptable forms of collateral (letters of credit and cash), margin offsets, and other clearing obligations will largely remain unchanged.

Broker Executed Block Trades and Other Bilateral Transactions

Brokers are currently, and will continue to be, able to execute bilaterally Financial Power, Physical and Financial Natgas and Physical Crude Oil contracts which are subsequently submitted for clearing via an NGX EFRP transaction.

Swaps:

Broker facilitated or bilateral financial transactions executed as a bilateral swap (often under NAESB, ISDA or similar documentation) can be transmitted to NGX and presented for clearing via an EFRP. Once accepted, the transactions will clear as an NGX Future.

Forwards:

Broker facilitated or bilateral Forwards can also be transmitted to NGX and presented for clearing via an EFRP. Once accepted, the transactions will clear as an NGX Futures.

Broker Licensing Requirements:

NGX believes that voice brokers acting on behalf of U.S. persons, except with respect to Forwards, must register with the CFTC through the National Futures Association ("NFA") as Introducing Brokers and those that solicit customer orders, must register as Associated Persons ("AP"). In order to register, among other requirements, APs must have passed the CFTC Series 3 proficiency exam. Please consult with NFA regarding the licensing process. Please see: <http://www.nfa.futures.org/NFA-registration/ib/index.HTML>.

Speculative Position Limits:

Currently, contracts listed for trading on NGX or cleared by NGX clearing house are not subject to U.S. position limits.

#

NGX has designated a Chief Compliance Officer and has implemented a number of Trade Practice Oversight procedures and changes to DCO operations to ensure full compliance with DFA and current Canadian regulations.

NGX believes that these clarifications and the planned changes will ensure that NGX remains fully compliant through DFA implementation. In addition, we believe that the above changes should have minimal impact on our customers and thus provide the best opportunity to ensure that liquidity is

maintained through the transition. NGX remains committed to providing fair, open and efficient markets for our customers wishing to transact in structured regulated market places.

If you have any questions on this matter please call Gary Gault 403-974-1707 (VP Marketing), Steve Lappin 403-974-4308 (VP Clearing), or Cheryl Graden 416-947-4359 (Chief Legal Counsel).