

FORM FBOT—EXHIBIT E-6

Request: Demonstrate that the contracts are not readily susceptible to manipulation. In addition, for each contract to be listed, describe each investigation, action, proceeding or case involving manipulation and involving such contract in the three years preceding the application date, whether initiated by the foreign board of trade, a regulatory or self-regulatory authority or agency or other government or prosecutorial agency. For each such action, proceeding or case, describe the alleged manipulative activity and the current status or resolution thereof.

Response:

Introduction

The Exchange is including 305 futures contracts and one option on a futures contract within the scope of this FBOT Application for Registration. In addition to 14 electricity futures contracts discussed below, the Exchange is including the following contracts in this Application:

- 5 financially-settled Canadian delivery point natural gas futures contracts;
- 1 option on a financially-settled Canadian delivery point natural gas futures contract.
- 68 physically-settled Canadian delivery point natural gas futures contracts;
- 180 physically-settled U.S.delivery point natural gas futures contracts; and
- 51 physically-settled Canadian delivery point crude oil futures contracts; and

Financially and Physically-Settled Canadian Natural Gas Futures Contracts

The 74 physically and financially-settled Canadian natural gas futures contracts included in this Application are based on 15 different Canadian delivery points. Of these contracts, 36 reference the Alberta Hub ("AB-NIT") or the Union-Dawn Hub as delivery points. The term "hub" refers to a juncture where two or more natural gas pipelines are connected. Hubs serve as delivery and pricing points for natural gas. AB-NIT and Union-Dawn are very liquid markets. The other delivery points referenced by NGX's futures contracts are also at hubs with very liquid cash markets.

The AB-NIT is a major connection point for long-distance transmission systems that ship natural gas to points throughout Canada and the United States. The province of Alberta is Canada's dominant natural gas producing region. Six of the nine major natural gas Canadian market centers are located in Alberta. The throughput capacity at the AB-NIT is ten billion cubic feet per day. With over 392,000 kilometers of energy-related pipelines (including oil and natural gas), as well as extensive storage facilities, the AB-NIT plays a vital role in North America's natural gas supply.

AB-NIT also integrates the AECO Gas Storage Hub into the delivery infrastructure allowing for more ability to temporarily store or loan gas quickly, reducing delivery or environmental issues that could result in price or volume problems. Moreover, TransCanada Pipelines offers the most flexible scheduling regime in North America, effectively allowing clients until 10 AM MT the day following the scheduled gas day to finalize delivery options. This flexibility allows for customers to source out many options during a gas day prior to the delivery deadline.

Likewise, Union-Dawn is a major Canadian natural gas storage, transmission, and distribution hub located in Ontario, Canada. Union-Dawn provides an important link for natural gas moving from Western Canadian and U.S. supply basins to markets in central Canada and the northeast United States. The throughput capacity at Union-Dawn is 9.3 billion cubic feet per day and the number of pipeline interconnections at that hub is greater than 10. The Union-Dawn Hub houses the largest underground storage facility in Canada with 155 billion cubic feet of high deliverability storage. Union-Dawn is a shipper-friendly trading hub due to its large integrated storage facilities and a very stable delivery history.

The fact that so many pipeline interconnections converge at that location makes it less susceptible to corners or congestion. This infrastructure gives users of Union-Dawn a high degree of flexibility in deliveries, storage and transportation, further reducing the susceptibility of the contract to manipulation or market congestion.

Approximately 200 commercial counterparties take part in the trading of AB-NIT products, making it unlikely that any one party can dictate trading prices. Union Dawn is also a very liquid point, with over 100 commercial counterparties trading. The large numbers of competing counterparties, their commercial connection to the physical markets, large traded volume, and very secure delivery all contribute to making physical-delivery futures natural gas contracts at these two locations not readily susceptible to manipulation.

The AB-NIT and Union-Dawn delivery attributes, including the cash market participation of competing commercial end-users, also apply to the Canadian natural gas delivery hubs listed below. In all cases, the amount of deliverable supply at a specific hub far exceeds the notional quantity of supply represented by open NGX futures contracts for that hub. The terms of NGX's futures contracts also adhere closely to cash market conventions, including delivery procedures, which are specified by the pipelines servicing referenced hubs. For these reasons, natural gas is readily deliverable on NGX's futures contracts making them less susceptible to manipulations and price distortions arising from market corners or congestion.

Including AB-NIT and Union-Dawn, the NGX futures contracts included within this Application reference the following 16 major Canadian natural gas delivery hubs:

1. AB-NIT
2. Union Dawn
3. Spectra Huntingdon
4. TCPL Emerson
5. TCPL Enbridge CDA

6. TCPL St Clair
7. TCPL-Chippawa
8. TCPL-Iroquois
9. TCPL-Niagara
10. Union-Parkway
11. APC-CREC
12. Spectra T-North
13. Suffield 2
14. TEP
15. TCPL Empress

Each listed hub is a major center for the delivery of natural gas. In this regard it should be noted that all of the NGX futures contracts, regardless of the hub at which they are located, typically have a history of very high levels of delivery. This relatively high level of delivery is consistent with the very large deliverable supplies at these delivery points. Moreover, a high level of forward contracting at these points exists alongside NGX futures trading. This further permits ready arbitrage between the cash and futures market and provides for strong convergence between cash and futures markets. In this regard, there is a significant historical record of significant delivery capacity at each of these delivery points. Although there are NGX trades at most of these points each month, the volumes traded for some NGX futures contracts at some of these delivery points are relatively small, e.g. 1-2 billion feet per month. As a point of reference, this can be compared to the throughput at the Union-Dawn Hub which is upwards of 9.3 billion cubic feet per day. Accordingly, there is more than adequate deliverable supply at each of the delivery locations for the relative volume of contracts traded for delivery at that location. This favorable relationship helps to ensure that each delivery location is not readily susceptible to manipulation.

Physically-Settled U.S. Natural Gas Futures Contracts

The Exchange is including 180 physically-settled natural gas futures contracts referencing 45 U.S. delivery locations in this FBOT Application for Registration. As noted above, the term "hub" refers to a juncture where two or more natural gas pipelines are connected and serve as cash market delivery and pricing points for natural gas. Of these, the most notable is the Henry Hub. The 45 delivery points are as follows:

1. ANR-SE-T
2. ANR-SW
3. CEGT-Flex
4. CG – Mainline
5. CG – Onshore
6. Cheyenne Hub
7. Consumers – Citygate
8. Dominion South
9. El Paso Keystone
10. El Paso San Juan Blanco Pool
11. GTN – Stanfield

12. GTN-Malin
13. Henry
14. HSC-HPL Pool
15. Michcon
16. NBPL – Ventura
17. NGPL – STX
18. NGPL Midcont Pool
19. NGPL TXOK East
20. NNG-Demarc
21. NNG-Ventura
22. Oasis-Waha Pool
23. OGT
24. Opal
25. Panhandle
26. PG&E-Citygate
27. Ruby-Malin
28. Socal Citygate
29. TCO IPP Pool (appalachia)
30. TETCO ELA
31. TETCO M1-30
32. TETCO STX
33. TETCO WLA
34. TGP - 500L
35. TGP - 800L
36. TGP-Z0 North
37. TGP-Z0 South
38. TGT - SL (FT)
39. TGT - Z1 (FT)
40. Transco – 65
41. Transco – 85
42. Transco - Station 30
43. Trunkline ELA
44. Trunkline WLA
45. Trunkline Z1A

The U.S. contracts share many of the same characteristics as the Canadian contracts. However, the U.S. delivery points tend to be relatively smaller than their Canadian counterparts, particularly in relation to AB-NIT and Union-Dawn. The U.S. delivery points are more dispersed geographically throughout the Continental U.S. and use the Interstate pipeline pooling process extensively for the shipment of natural gas.

In general, the U.S. market is very physically oriented and only a small percentage of contracts trade on NGX relative to the size of the market in physicals. In addition, approximately 100 commercial counterparties take part in the trading in the NGX U.S. natural gas contracts, making it unlikely that any one party can dictate trading prices in NGX contracts. The large numbers of competing counterparties, their commercial connection to the physical markets, large

traded volume, and very secure delivery all contribute to making physical-delivery futures natural gas contracts deliverable at U.S. locations not readily susceptible to manipulation.

NGX Index Futures Contracts

Out of 74 natural gas futures contracts with Canadian delivery points that are included in this Application, 28 settle to NGX or third-party indexes. Out of the 180 natural gas futures contracts with U.S. delivery points, 90 settle to third-party indexes. As noted in Exhibit E-1, all Canadian crude oil futures contracts are also Physical Index Futures Contracts that settle to a WTI average price index (plus or minus a variable differential) and NGX crude oil indexes. These indexes are reliable, widely accepted, publicly available and timely.

NGX has developed proprietary in-house code to calculate Canadian natural gas and crude oil indexes. The indexes, and the index methodologies, are extensively checked for accuracy by both internal teams and the external publishers (Canadian Enerdata) with all backup documentation saved for auditing purposes. The NGX Price Index Methodology Guide (at ngx.com/pdf/NGXPIMG.pdf) describes the essential economic characteristics of the NGX proprietary indexes used to price NGX futures contracts. The Guide also discusses the policies and controls adopted by NGX to ensure the reliability of valuations. In general, NGX strives to rely on actual transactions in determining its prices, but in crude oil, may include information on bi-lateral transactions or transactions that have not been executed. NGX index valuations are publicly available on NGX's website.

Third-party index providers include Platts and Canadian Enerdata Ltd, the publisher of Canadian Gas Price Reporter (CGPR). Platts and Enerdata are broadly relied upon and used extensively by market participants as primary sources of current and historical U.S. and Canadian energy commodity prices. Platts and Enerdata employ extensive controls to ensure the reliability of index valuations as industry benchmarks. NGX proprietary and third-party indexes are widely accepted for transactional and hedging purposes as reliable indicators of cash market values. For the above reasons, NGX futures contracts that settle to NGX proprietary and third-party indexes, are not readily susceptible to manipulation.

NGX Electricity Contracts

NGX offers several electricity futures contracts for trading on the NGX Trading System. Electricity is a commodity that currently cannot be stored. Reference prices for such contracts are those provided by or derived from independent third parties – the Alberta Independent System Operator (“AESO”) and the Ontario Independent Electricity System Operator (“IESO”). System operators are responsible for moving and monitoring the transmission and sale of electricity for specific geographical areas.

AESO, as an independent system operator, is a not-for-profit entity, is independent of any industry affiliations and owns no transmission or market assets. The statutory directive of AESO is ensuring a fair, competitive, open and efficient market for the exchange of electric energy in Alberta.

Similarly, IESO is a not-for-profit corporate entity, established in 1998 by the Electricity Act of Ontario. It is governed by an independent Board whose Chair and Directors are appointed by the Government of Ontario. Its fees and licenses to operate are set by the Ontario Energy Board and it operates independently of all other participants in the electricity market. The IESO has full statute-based authority for establishing, monitoring and enforcing reliability standards in the province.

In determining the susceptibility to manipulation for contracts priced to third-party vendors, the Commission requires DCMs to verify that the third party utilizes business practices that minimize the opportunity or incentive to manipulate the cash-settlement price series. Because electricity is not a storable commodity, and because of the fundamental nature of independent system operators for electricity, and the statutory directives under which such entities operate, NGX electricity contracts based on prices disseminated by AESO and IESO are not readily susceptible to manipulation.

Manipulation Cases

NGX has not initiated any inquiry relating to possible manipulation of the contracts that it trades in the preceding three years and is not aware of any manipulation matters or investigations initiated by the ASC regarding the contracts included in this application.