

Natural Gas Exchange Inc.
Rule Amendment Submission 2014-02
April 10, 2014

1. The text of the amended provisions in the CPA is appended as Attachment A. Additions are underlined and deletions are struck through.
2. The date of intended implementation for these amendments is ten business days after the date of this submission.
3. Attached, please find a certification that: (a) these rule (CPA) amendments comply with the Commodity Exchange Act (the "Act"), and the Commission's regulations thereunder; and (b) concurrent with this submission, NGX posted on its website: (i) a notice of pending certification of the CPA amendments with the Commission; and (ii) a copy of this submission.
4. A concise explanation and analysis of the operation, purpose, and effect of each of the amendments appears below.
5. There were no opposing views expressed regarding these amendments.
6. Confidential treatment is not requested.

CONCISE EXPLANATION AND ANALYSIS OF THE OPERATION, PURPOSE, AND
EFFECT OF THE RULE AMENDMENT AND ITS COMPLIANCE WITH APPLICABLE
PROVISIONS OF THE ACT, INCLUDING CORE PRINCIPLES AND THE
COMMISSION'S REGULATIONS THEREUNDER

Pursuant to Commission Rule 40.6(a)(7)(vi), the following is a concise explanation and analysis of the operation, purpose, and effect of the CPA amendments.

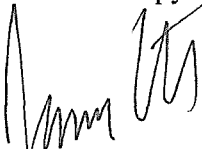
NGX is amending Sections 4.7 and 8.4(g) of its CPA to clarify that a Contracting Party may make early payments, which may be applied against that Contracting Party's Invoice amounts or set-off against amounts owed by the Contracting Party to NGX.

These changes are appended as Attachment A; additions are underlined and deletions are struck through.

CERTIFICATIONS PURSUANT TO SECTION 5c OF THE COMMODITY EXCHANGE ACT, 7 U.S.C. §7A-2 AND COMMODITY FUTURES TRADING COMMISSION RULE 40.6, 17 C.F.R. §40.6

I hereby certify that:

- (1) the amended provisions of the “Contracting Party Agreement” comply with the Commodity Exchange Act, and the Commodity Futures Trading Commission’s regulations thereunder; and
- (2) concurrent with this submission, Natural Gas Exchange Inc. posted on its website:
 - (a) a notice of pending certification of these rules with the Commission; and (b) a copy of this submission.



By: James Oosterbaan
Title: President and CEO
Date: April 10, 2014

Attachment A: Contracting Party Agreement – Rule Amendments
Insertions are underlined; and deletions struck through.

4.7 Early Payment of Invoices

A Contracting Party may, if desired, make payment to Exchange prior to the applicable Settlement Date, and such funds, when received, will be applied against that Contracting Party's Invoice amounts, or may be Set-off against amounts then owed by the Contracting Party to NGX in accordance with Section 3.3(d) of this Agreement.

8.4 Invoices for Financially Settled Futures Products and Option Products

- a. Invoices for Financially Settled Futures Transactions other than Daily Financially Settled Futures Transactions – Exchange will post on Exchange’s Website for sole access by the Contracting Party (or will provide the Contracting Party, upon request, with) an Invoice on the second Business Day of each calendar month in respect of each Financially Settled Futures Transaction to be settled in the prior calendar month that are payable in the same currency, setting forth a net amount owing by or to the Contracting Party itemizing and applying Set-off to each amount payable or receivable in respect of any Obligations under any Financially Settled Futures Transactions and any amount payable for fees to Exchange under the Fee Schedule. Exchange will also be entitled to deduct an amount equal to any shortfall in the provision by the Contracting Party of Collateral as at the Cash Settlement Date that has been requested in accordance with the Risk Management Policy and will hold such amount as Collateral until any such shortfall has been rectified to the satisfaction of Exchange. The payment or receipt by the Contracting Party of such net amount in accordance with this Agreement to or from Exchange will constitute full satisfaction of the payment or receipt of any settlement amount payable to or receivable by the Contracting Party and Exchange.
- b. Invoices for Daily Financially Settled Futures Transactions– Exchange will post on Exchange’s Website for sole access by the Contracting Party (or will provide the Contracting Party, upon request, with) Invoices in respect of Daily Financially Settled Futures Transactions as follows:
 - (A) ~~i~~ for the MTM Settlement Amounts, an Invoice prior to the commencement of, or on, the Business Day following the day each MTM Settlement Amount is determined as set forth in Schedule “E”, that is payable in the same currency, setting forth a net amount owing by or to the Contracting Party itemizing and applying Set-off to each amount payable or receivable in respect of any Obligations under all Daily Financially Settled Futures Transactions;
 - (B) ~~ii~~: an Invoice on the second Business Day of each calendar month in respect of Daily Financially Settled Futures Transactions mark-to-market settled in the prior calendar month and that are payable in the same currency, setting forth the Daily Financially Settled Futures Settlement Amounts for that month and any net amount payable for fees to Exchange under the Fee Schedule; and
 - (C) ~~iii~~: Exchange will also be entitled to deduct an amount equal to any shortfall in the provision by the Contracting Party of Collateral as at the MTM Settlement Date and the Cash Settlement Date that has been requested in accordance with the Risk Management Policy and will hold such amount as Collateral until any such shortfall has been rectified to the satisfaction of Exchange

The payment or receipt by the Contracting Party of such net MTM Settlement Amounts and Daily Financially Settled Futures Settlement Amounts in accordance with this Agreement to or from Exchange will constitute full satisfaction of the payment or receipt of any settlement amount payable to or receivable by the Contracting Party and Exchange with respect to a Daily Financially Settled Futures Settlement Transaction once all such amounts in respect of the applicable Term have been paid, unless a Daily Financially Settled Futures Settlement Transaction has been fully offset as determined in the sole discretion of Exchange, in which case full satisfaction of the applicable settlement amounts shall occur once all MTM Settlement Amounts, and if applicable, all Daily Settlement Amounts, have been paid (or received) as the case may be, in respect of all settlement amounts incurred up to and including the date of full offset.

- c. Invoices for Option Transactions – Exchange will post on Exchange’s Website for sole access by the Contracting Party (or will provide the Contracting Party, upon request, with) Invoices in respect of each Option Transaction as follows:
 - (A) ~~i.~~ for the Option Premium Amount, on the Business Day following the transaction date of the Option Transaction; and
 - (B) ~~ii.~~ any other invoices become applicable only if the relevant Option Exercise Conditions have been met, Invoices shall be issued and payable as per the associated Underlying Transaction that has become effective on such exercise.

- d. Terms for Financially Settled Futures Transactions and Option Transactions – Subject to any amount hereunder becoming due and payable at an earlier time pursuant to the provisions, the amount of the Invoice owed by the Contracting Party to Exchange or to the Contracting Party by Exchange will be due and payable on the MTM Settlement Date and Cash Settlement Date (in the case of Daily Financially Settled Futures Transactions), the Cash Settlement Date (in the case of all other Financially Settled Futures Transactions) and the Premium Payment Date (in the case of Option Transactions). Any items on any Invoice disputed by any Contracting Party will be noted to Exchange at least one Business Day prior to the Settlement Date or Premium Payment Date, as the case may be. Payments by the Contracting Party will be made payable to Exchange and will be made by wire payment or electronic funds transfer. The Contracting Party shall notify Exchange of its banking information and represents and warrants that the information provided to Exchange is accurate and current. Exchange is entitled to accept this information via email or facsimile. Late payments will bear interest after the due date at the Default Rate to and including the date of payment to Exchange or the Contracting Party, as the case may be, of all such amounts. Interest will be payable only on the amount of any Invoice remaining unpaid from time

- e. Corrections to the Invoice – In the event that the prices for any Financially Settled Futures Transaction or Option Transaction is corrected by the publication from which such indices is

derived for settlement of such Transaction after a Cash Settlement Date, Exchange will post on Exchange's Website for sole access by the Contracting Party (or will issue to the Contracting Party, upon request) a correcting Invoice to reflect the corrected Cash Settlement Amount or Daily Financially Settled Futures Settlement Amount within two (2) Business Days of being advised of such change. The correcting Invoices will be due and payable within five (5) Business Days of their issuance on terms as outlined in Section 8.4(b).

- f. Final Invoices – The Contracting Party and Exchange agree that any Invoice on any Cash Settlement Date, MTM Settlement Date or Premium Payment Date will be final and binding, absent manifest error, for all purposes 120 days after such Settlement Date, MTM Settlement Date or Premium Payment Date unless the Contracting Party has then advised Exchange of any error in, or dispute in respect of, such Invoice.
- g. Early Payment of Invoices - A Contracting Party may, if desired, make payment to Exchange prior to the applicable Settlement Date, and such funds, when received, will be applied against that Contracting Party's Invoice amounts, or may be Set-off against amounts then owed by the Contracting Party to NGX in accordance with Section 3.3(d) of this Agreement.