CME CLEARING EUROPE NOTICE - CONSULTATION ON THE CLEARING PROCEDURES

1. In line with forthcoming plans to add a physically-delivered UK Natural Gas Contract to its range of products available for OTC clearing, CME Clearing Europe Limited (“CMECE”) is consulting on a new section to be inserted into the Clearing Procedures. The new section will form part B of the Delivery procedures: “UK Natural Gas Delivery Procedures” and can be found in the Appendix to this Notice.

2. Please review the Appendix in conjunction with the Clearing Rules and the Clearing Procedures, which can be found on our website www.cmeclearingeurope.com (note that there are no changes required to the Clearing Rules).

3. In order to facilitate the review of the proposed additions to the Clearing Procedures, please note the following definitions, which will be added to the Commodity Contract Module in due course:

   - **Acquiring Trade Nomination** has the meaning ascribed to it in the Uniform Network Code and shall include a nomination made by a Gas Transferee to acquire rights in natural gas at the National Balancing Point;
   - **Balancing Charges** has the meaning ascribed to it in the Uniform Network Code;
   - **Daily Imbalance** has the meaning ascribed to it in the Uniform Network Code;
   - **Delivery Buyer** means a Clearing Member having an open long position in a Contract;
   - **Delivery Seller** means a Clearing Member having an open short position in a Contract;
   - **Disposing Trade Nomination** has the meaning ascribed to it in the Uniform Network Code and shall include a nomination made by a Gas Transferor to dispose of rights in natural gas at the National Balancing Point;
   - **Gas Delivery Agent** means a third party appointed by the Clearing House to effect the submission of Trade Nominations on its behalf;
   - **Gas Flow Day** has the meaning ascribed to it in the Uniform Network Code;
   - **Gas Transferee** means a Clearing Member or a third party appointed by a Clearing Member to effect the submission of Trade Nominations on its behalf (as agent) in respect of an open long position and who in each case is permitted to make or take delivery of natural gas to or from the Clearing House as set out in the Delivery Procedures;
   - **Gas Transferor** means a Clearing Member or a third party appointed by a Clearing Member to effect the submission of Trade Nominations on its behalf (as agent) in respect of an open short position and who in each case is permitted to make or take delivery of natural gas to or from the Clearing House as set out in the Delivery Procedures;
Gas Transferor/Gas Transferee Notification Form means the form prescribed by the Clearing House used to notify the Clearing House of Gas Transferor / Gas Transferee details;

Gemini system means the system (forming part of the UK Link system) which enables users to submit Trade Nominations to National Grid for the purposes for the delivery or acquisition of natural gas, and any successor system from time to time;

kWh means kilowatthours;

National Balancing Point means the virtual point of delivery within the National Transmission System at which the balancing of deliveries into and out of the National Transmission System is deemed to take place under the Uniform Network Code;

National Grid means National Grid Gas plc;

NTS or National Transmission System has the meaning ascribed to it in the Uniform Network Code;

Restricted User means a user of the NTS admitted pursuant to section TPD V2.5.1 of the Uniform Network Code;

Trade Nominations has the meaning ascribed to it in the Uniform Network Code and shall include Acquiring Trade Nominations and Disposing Trade Nominations;

UK Link means the IT system used by or on behalf of National Grid for the operation of the National Transmission System (including any system for the submission of Trade Nominations) and any successor system in place from time to time;

UK Natural Gas Contracts means a Contract cleared at the Clearing House which requires the physical delivery of natural gas in the UK at the National Balancing Point;

UK Natural Gas Delivery Procedures means the Delivery Procedures specific to the delivery of UK Natural Gas Contracts;

Uniform Network Code or UNC means the legal and contractual framework to supply and transport gas managed by the Joint Office of Gas Transporters which governs the transportation of natural gas within the UK, as in force from time to time.

4. We would welcome comments from Clearing Members. Responses should be sent to compliance@cmeclearingeurope.com by 4 December 2012.

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Attachments
Appendix: Proposed Changes to CMECE Clearing Procedures