Overview
The UK National Balancing Point (NBP) natural gas trading hub is the most liquid gas trading destination in Europe. Based on a market concept dating back to 1996, the NBP has emerged as the favoured trading location due to its virtual design and close pricing correlation to global oil prices. Today there are over 100 market participants with regular trading activity on the NBP, attracting interest from Producers, Retailers and Banks as well as specialist Trading Houses.

Product
CME Clearing Europe* (CMECE) is offering access to its clearing services through an OTC forward contract which is notified for physical delivery to the National Grid. The contract is available for Clearing throughout the day, other than a 45 minute window at 10:15pm London time. All open positions will be marked to market daily based on a 15 minute window of broker submitted prices.

As well as offering OTC give up products for months, quarters and seasons, CME Clearing Europe will also clear daily contracts enabling clearing of within month instruments of Weekend (WE), Working Days Next Week (WDNW), and Balance of Month (BoM).

Ease of Set Up
Once a trading firm has completed its necessary internal approvals, the remaining steps to enable trading access are simple:

- If not already registered, each trader should open a CME Clearport account:
  http://www.cmegroup.com/info_forms/registration/europe/cmeceEula.html
- The trader then needs to inform their Clearer of approvals and risk limits to trade the CME Clearing Europe NBP products.
- Complete any mapping of the CME Clearing Europe NBP products to the front end trading screen eg Trayport.

Mitigate counter party credit risk
CME Clearing Europe uses a central counterparty clearing model to safeguard the interests of all our globally diverse customers and the integrity of the markets we serve. This allows the central clearing house to guarantee the performance of every transaction - and the security of every clearing member’s customer.

Benefits
- Addition of OTC give up service with no change to current market practice.
- Physically settled forward contract reflects the dominant product in the OTC market.
- Daily cash margining of the forward position ahead of delivery.
- Delivery of any physical position undertaken by leading service providers in the UK gas market.
- Straight Through Processing (STP) from Trayport front end trading screen with real time trade confirmations.
- Competitive fee pricing with no joining/membership fees and deliveries charged in total on the first day of the delivery period.
- Mitigation of counterparty credit risk via CME Clearing Europe.
- No documentation requirements.
- Comprehensive clearing services through CME ClearPort.
- European regulatory environment.

About CME Clearing Europe
CME Clearing Europe is an Bank of England recognised, multi-asset class clearing house based in London. It has its own employees, governance and capital but also has full access to the clearing expertise, systems and financial strength of CME Group, the world’s leading and most diverse derivatives marketplace.

Launched in May 2011 with the aim of offering services as a multi-product clearing house focused on European customers, CME Clearing Europe currently offers more than 200 OTC commodity products for clearing. The service shall soon be extended to include the clearing of OTC financial derivatives.

* Subject to regulatory approval

How the world advances
**Contract specifications**

<table>
<thead>
<tr>
<th><strong>Product Description</strong></th>
<th>A physically delivered calendar month forward, and a physically delivered daily forward contract for UK Natural Gas at the NBP</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Clearing Codes</strong></td>
<td>CME Clearing Europe: NBME, NBDE</td>
</tr>
</tbody>
</table>
| **Commodities Contract Chapter** | Calendar Month Forward: 510  
|                         | Daily Forward: 511                                                      |
| **Trading Hours (London Time)** | Sunday 11:00 PM – 10:15 PM Friday, with a 45-minute maintenance break each day beginning at 10:15 PM |
| **Contract Size**       | 1000 therms natural gas per day (1 therm = 29.3071 kWh)                                                            |
| **Available Contract Months** | Monthly contracts listed for the current year and next five years  
|                         | Daily contracts for current month and next calendar month                                                        |
| **Price Quotation**     | Sterling (pence) per therm (th)                                                                                     |
| **Minimum Fluctuation** | 0.005 p/th                                                                                                          |
| **Last Submission Day** | Submissions will close two business days prior to the first calendar day of the contract delivery period          |
| **Settlement Type**     | Physical                                                                                                             |
| **Final Settlement**    | Delivery occurs at the original trade price in kWh                                                                   |
| **Delivery Procedure**  | 1. 1,000 therms each calendar day during the delivery month for monthly contracts  
|                         | 2. Monthly contracts are transformed into a strip of daily contracts for delivery purposes  
|                         | 3. 1,000 therms on the contract day for daily contracts  
|                         | 4. Trade nominations are submitted to National Grid on the business day prior to the commencement of the delivery day |
| **Margins**             | Initial Margin is charged in the usual manner by CME Clearing Europe  
|                         | All open positions will be marked to market daily based on an arithmetic average of broker prices supplied in a 15 minute window from 16:00 – 16:15 London time. Variation margin is paid/collected daily  
|                         | Price Alignment Interest is paid on net variation margin  
|                         | Delivery margin will be required for positions taken to delivery                                                      |
| **Clearing House Rules** | These contracts are cleared by, and subject to the rules and regulations of, CME Clearing Europe                     |

For questions about CME Clearing Europe please contact clearingsupport@cme-clearing-europe.com or call CME Clearing Europe +44 203379 3131

For more information about UK NBP Natural Gas Physically Delivered Forward Contract please contact a team member below or visit www.cme-clearing-europe.com

**Les Male**  
les.male@cmegroup.com  
+44 20 3379 3737

**Tina Hasenpusch**  
tina.hasenpusch@cme-clearing-europe.com  
+44 20 3379 3135

**CME CLEARING EUROPE**  
One New Change  
London EC4M 9AF  
United Kingdom

Futures trading is not suitable for all investors and involves the risk of loss. Futures are leveraged investments and because only a percentage of a contract’s value is required to trade it is possible to lose more than the amount of money initially deposited for a futures position. Therefore traders should only use funds that they can afford to lose without affecting their lifestyles and only a portion of those funds should be devoted to any one trade because they cannot expect to profit on every trade.

This document is made for information purposes only. It does not constitute an offer or an acceptance to become a clearing member of CME Clearing Europe Limited (CMECE).  

The content of this marketing collateral should not be taken as a recommendation or endorsement to buy sell or retain any specific product, security, investment or other service nor does it constitute a Prospectus. The content of this presentation is intended solely for the use of Eligible Counterparties and Professional (non-re-tail) Clients as defined under Financial Services and Markets Act 2000 and circulation must be restricted accordingly. Potential users of the services herein described are recommended to take independent advice. This communication is issued by CME Marketing Europe Limited. CME Marketing Europe Limited (FRN: 220523) is authorised and regulated by the Financial Conduct Services Authority in the United Kingdom pursuant to Financial Services and Markets Act 2000.

Copyright © 2012 CME Group. All rights reserved.