



# OPERATING PROCEDURES

Version 2.6

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## 1. INTERPRETATION AND APPLICATION OF THE RULES

### P1.1 Definitions

- 1.1 Words defined in the Rules have the same meaning in these Procedures unless otherwise specified herein.

### P1.2 Interpretation

- 1.1 These Procedures must be read in conjunction with the Rules.
- 1.2 For ease of reference, each Procedure is numbered in line with the Rule to which the Procedure relates.
- 1.3 If a Procedure contains more than one part, each part will be numbered and the part heading will be underlined.
- 1.4 If a part of a Procedure contains more than one paragraph, each paragraph will be numbered in line with the numbering of that part of the Procedure.
- 1.5 The rules of interpretation set out in Rule 1.2 also apply to these Procedures.

### P1.3 Inconsistency between Rules and Procedures

If there is any inconsistency between these Procedures and the Rules, the terms of the Rules will prevail.

### P1.4 Amending the Rules

- 1.1 Market Operator will consult with Participants and Brokers prior to making any material substantive changes to the Rules.
- 1.2 When Market Operator consults with Participants and Brokers in relation to a proposed change to the Rules, Market Operator will issue a circular to Participants and Brokers at least ten (10) Business Days prior to the proposed amendments becoming effective in order to provide Participants and Brokers with an opportunity to provide comment on any proposed amendments.
- 1.3 Market Operator will consider all comments received from Participants and Brokers prior to any submission deadline before the Rule amendments are finalized and implemented.

### P1.5 Waivers

#### 1. Requesting a Waiver

- 1.1 A Participant or Broker may request a waiver from a Rule in accordance with this Procedure.
- 1.2 An application for a waiver must be in writing and state:
  - (a) Participant or Broker details;
  - (b) the Rule to which the waiver will apply;
  - (c) reasons for the waiver;
  - (d) basis on which the waiver should be applied;

- (e) date on which the waiver should apply and the period for which it should remain in force; and
- (f) any terms and conditions of the waiver that the Participant or Broker considers relevant.

## 2. Register of waivers

### 2.1 The Register will record:

- (a) the Rule from which the waiver is granted;
- (b) the Participant(s) and Broker(s) that have been granted with the waiver;
- (c) the basis on which the waiver was granted;
- (d) the date on which the waiver takes effect and the period for which the waiver will remain in force; and
- (e) the terms and conditions of the waiver.

## **P1.6** **Reviews**

### 1. Requesting a Review

1.1 Rule 1.6 provides that a Participant or Broker can only request a review of a decision if the Rules state that the decision may be reviewed.

1.2 The following Rules state that a Participant or Broker may request a review of the decisions that are specified:

- (a) Rule 7.2 states that a Participant or Broker the subject of a decision by Market Operator under Rule 7.1(d) may request a review of a decision by Market Operator under Rule 7.1(d) to modify or restrict a Participant's or Broker's access to the market in order to ensure a fair, orderly and transparent market;
- (b) Rule 7.5(a) states that a Participant or Broker involved in a Dispute under Rule 7.4 may request a review of the exercise by Market Operator of the powers in Rule 7.4(d) in respect of a Dispute;
- (c) Rule 9.2(b) states that a Participant or Broker the subject of a determination under Rule 9.2(a) may request a review of disciplinary action taken by Market Operator under Rule 9.2(a);
- (d) Rule 9.7 states that a Participant or Broker the subject of a decision by Market Operator under Rule 9.6 may request a review of a decision by Market Operator under the default powers in Rule 9.6 to restrict, suspend or terminate a Participant's or Broker's access to the Market.

1.3 Notification of a request for a review must comply with Procedure 13.7 and be given to:

- (a) Market Compliance in the case of a notification of a request for a review made under Rules 7.2, 9.2(b) or 9.7; or
- (b) Market Operations in the case of a notification of a request for a review made under Rule 7.5(a).

- 1.4 A request for a review must include the following information and material with the notification:
- (a) the name of the Participant or Broker seeking the review;
  - (b) the decision in respect of which the review is sought;
  - (c) all material facts; and
  - (d) all relevant documents including all those upon which the Participant or Broker will rely.

1.5 Further Procedures relating to reviews are also contained in:

- (a) Procedure 7.5 in respect of the review of a decision relating to a Dispute;
- (b) Procedure 9.2 in respect of the review of a decision relating to disciplinary action.

## 2. Market Operator Response

Market Operator will respond to a request for a review by serving upon the Participant or Broker a statement in response setting out all material facts and attaching all relevant documents.

## 3. Review Process

3.1 Market Operator will appoint appropriately qualified persons to a panel from which the members of a Review Committee will, when required, be drawn (the “**Panel**”).

3.2 On an annual basis, Market Operator will appoint one member of the Panel to be the Chairman of the Review Committee for a period of one (1) year.

3.3 Upon receiving a request from a Participant or Broker to review a decision, Market Operator will instruct the Chairman of the Review Committee to convene a Review Committee consisting of the Chairman of the Review Committee and two (2) other members drawn from the Panel. These three persons will sit as the Review Committee to conduct the review initiated by the request.

3.4 A person must not sit as a member of a Review Committee if they have a conflict of interest which precludes their participation. Members of the Review Committee must excuse themselves if the Chairman of the Review Committee determines that they have a conflict of interest, which precludes their participation, and the Chairman of the Review Committee will draw a replacement from the Panel.

3.5 If the Chairman of the Review Committee is conflicted from hearing a matter, Market Operator will appoint an alternate Chairman of the Review Committee for the purposes of the review initiated by the request.

3.6 The Market Compliance Officer will provide copies of all documents served by the Participant or Broker and Market Operator to each member of the Review Committee.

3.7 The Review Committee may conduct the review as it sees fit provided that the proceedings are conducted without bias and the Participant or Broker and Market Operator are provided with a fair hearing.

## 4. Interim Measures

Lodging a request for a review pursuant to Rules 7.2, 7.5, or 9.7 has no impact on the decision in respect of which the request is made. That decision will remain in force unless and until it is changed by the Review Committee.

5. Review Outcomes

- 5.1 In the case of a review conducted pursuant to a request made under Rules 7.2, 7.5, or 9.7, the Review Committee may confirm, modify or vacate and replace the decision in respect of which the review is being sought.
- 5.2 In the case of a review conducted pursuant to a Participant or Broker objection under Rule 9.2(b) or a referral from Market Operator under Rule 9.2(d), a Review Committee may impose or utilize one or more of the sanctions in Rule 9.4 and as outlined in Procedure 9.2.
- 5.3 There is no appeal from a decision of the Review Committee.
- 5.4 The decision of the Review Committee may be enforced by Market Operator as if it were the decision that was reviewed.

6. Notification of decision

- 6.1 The Review Committee will notify Market Operator and the relevant Participant or Broker of the decision in writing and the general reason for its decision as soon as it is reasonably practicable.
- 6.2 The Review Committee has the power to direct the details, if any, of its decision may be made public.
- 6.3 Market Operator may, subject to paragraph 6.2 of this Procedure 1.6, publicly announce a decision of the Review Committee.

7. Register

Market Operator will keep a register of all decisions of the Review Committee. The register will, subject to paragraph 6.2 of this Procedure 1.6, be available for Participants and Brokers to inspect by making an application in writing to Market Compliance.

**P1.7 Amending the Procedures**

- 1.1 Market Operator may, but is not required to, consult with Participants and Brokers prior to making any material substantive changes to the Procedures.
- 1.2 If Market Operator consults with Participants and Brokers, Market Operator will issue a circular to Participants and Brokers at least ten (10) Business Days prior to the proposed amendments becoming effective in order to provide Participants and Brokers with an opportunity to provide comment on any proposed amendments.
- 1.3 Market Operator will consider all comments received from Participants and Brokers prior to any submission deadline before the Procedure amendments are finalized and implemented.
- 1.4 This process will not apply to:
- (a) amendments that are not substantive, as determined by Market Operator;
  - (b) in circumstances where amendments are a matter of urgency or emergency;
  - (c) amendments that relate to the operation of the Exchange that have already been notified to Participants and Brokers; or
  - (d) in circumstances where Market Operator considers that consultation on the proposed amendments would not be in the best interest of the Market.

## **2. BECOMING A PARTICIPANT OR BROKER**

### **P2.1 Steps to becoming a Participant or Broker in the Market**

#### **1. Application form - General**

With respect to Applicants, other than those seeking to become an Auction Participant, the application form to be submitted under Rule 2.1 is titled Participant Application Form and/or Broker Application Form, as the context so requires, and is available from the Website.

#### **2. Application form - Auction Participant**

With respect to an Applicant seeking to become an Auction Participant, the application form to be submitted under Rule 2.1 is titled Participant Application Form and is available from the Website.

### **P2.2 Eligibility requirements**

1.1 For the purposes of Rule 2.2(c), without limiting the discretion of Market Operator when considering a person's good fame and character:

- (a) if a person is prohibited under Applicable Law from being a director of, or in any way concerned in or taking part in the management of, a corporation that person is deemed to not be of good fame or character; and
- (b) any conviction of the person or applicant for any offence, at any time, or any adverse mention of the person or applicant at any time in a report made by or at the request of any government or governmental authority may be taken into account.

#### **1.2 Auction Participant**

- (a) Rule 2.2(a) is waived for an Applicant seeking to become an Auction Participant.

### **P2.5 Participant's Authorized Representatives**

1.1 The application form to be submitted under Rule 2.5 is available from the Website.

1.2 For the purposes of Rule 2.5(b), paragraph 1.1 of Procedure 2.2 applies.



### **3. ONGOING COMPLIANCE OF PARTICIPANTS AND BROKERS**

#### **P3.1 Continuing obligations**

##### **1. Register of Representatives**

1.1 Market Operator will maintain a register of Participant's Representatives for each Participant and Broker's Representative for each Broker.

1.2 The register must include the following information for each Participant's Representative or Broker's Representative:

- (a) Name of Participant or Broker;
- (b) Name of Participant's Representative or Broker's Representative;
- (c) Role of Participant's Representative or Broker's Representative within the organization;
- (d) Authorized signatures;
- (e) Date of birth;
- (f) Contact details;
- (g) whether the person is:
  - (i) the Participant's Designated Authorized Representative or a Participant's Authorized Representative; or
  - (ii) the Broker's Designated Authorized Representative or a Broker's Authorized Representative; and
- (h) any limitations of authority applicable to that person's role as a Participant's Representative or Broker's Representative.

1.3 For the purposes of Rule 3.1(d)(ii), the notification must be made using the form provided on the Website and must enclose an updated register of Participant's Representatives or Broker's Representatives.

1.4 Following receipt of the notification under Rule 3.1(d)(ii), Market Operator may suspend or cancel any of the Participant's Access Codes and/or issue one or more new Access Codes to the Participant's Representatives or Broker's Representatives.

##### **2. Training of Participant's Representatives and Broker's Representatives**

For the purposes of Rule 3.1(g), the following should be taken into account:

- (a) the Participant's or Broker's purpose for participating in the Market;
- (b) the nature, scope and extent of the Participants or Broker's business activity in connection with the Market;
- (c) the requirements applicable to the Participant's or Broker's activities in the Market including the Rules, the Procedures and Applicable Law;

- (d) trading or broking experience of each Representative in any financial market;
- (e) educational qualifications of each Representative; and
- (f) ongoing continuing professional development.

3. Annual fee for participation in the Market

With reference to Rule 3.1(m), the annual fee for participation in the Market is specified in Part 1 of Annexure A.

**P3.2 Record-keeping**

1.1 Each Participant must maintain an internal record that includes the following details of all Transactions executed by the Participant:

- (a) Date and Time of the Transaction;
- (b) relevant Participant's Representative who executed the Transaction;
- (c) whether the Participant was buying or selling;
- (d) the specific type of Product;
- (e) the number of Products involved in the Transaction; and
- (f) the unit price for that Transaction.

1.2 Each Broker must maintain an internal record that includes the following details of all OTC Trades submitted by the Broker:

- (a) Date and Time the OTC Trade was submitted;
- (b) relevant Broker's Representative who submitted the OTC Trade;
- (c) the names of the Participants on whose behalf the OTC Trade was submitted;
- (d) the specific type of Product;
- (e) the number of Products involved in the OTC Trade; and
- (f) the unit price for that OTC Trade.

1.3 Each Futures Broker must maintain an internal record that includes the following details of all Indicative Trade Submissions submitted by the Broker:

- (a) Date and Time the Indicative Trade Submission was submitted;
- (b) relevant Broker's Representative who submitted the Indicative Trade Submission;
- (c) the names of the counterparties on whose behalf the Indicative Trade Submission was submitted;
- (d) the specific type of Futures Product;
- (e) the number of Futures Products involved in the Indicative Trade Submission; and

- (f) the unit price for that Indicative Trade Submission.

### **P3.4 Access Code suspension and cancellation**

- 1.1 Following receipt of the notification under Rule 3.4(c), Market Operator may suspend or cancel any of the Participant's or Broker's Access Codes and/or issue one or more new Access Codes to the Participant's Representatives or Broker's Representatives.
- 1.2 Each Participant and Broker must provide Market Operator with any information requested by Market Operator concerning the potential loss, misuse or other compromise of an Access Code.

## 5. TRADING

### P5.2 Hours of Operation

#### 1. Phases of the Market

1.1 The phases of the Market are specified in Part 2 of Annexure A.

### P5.4 Orders and Matching

#### 1. Order attributes

1.1 Orders submitted to the Market must comply with the instructions provided to Participants Representatives in accordance with Rules 2.4 and 2.5.

1.2 Those instructions provide an exhaustive list of mandatory attributes, which include:

- (a) the specific type of Product;
- (b) whether the Order is a Bid or an Offer; and
- (c) whether the Order is:
  - (i) a Limit Order, in which case:
    - (A) the number of that type of Product comprised in the Order;
    - (B) the unit price for that type of Product; and
    - (C) whether the Order is good for the day or good until cancelled;
  - (ii) a Market Order, which can only be submitted for a matching Order at the top of the price stack, in which case:
    - (A) the number of that type of Product comprised in the Order;
  - (iii) an Iceberg Order, in which case:
    - (A) the full number of that type of Product comprised in the Order;
    - (B) the number of that type of Product to be disclosed;
    - (C) the unit price for that type of Product; and
    - (D) whether the Order is good for the day or good until cancelled;
  - (iv) an Offer for an Auction Order, in which case:
    - (A) the number of that type of Product comprised in the Order; and
    - (B) the MAP of that type of Product.
  - (v) a Bid for an Auction Order, in which case:
    - (A) the number of that type of Product comprised in the Order;

- (B) the Bid price for that type of Product, where the Bid price must be equal to or higher than the Offer MAP for that type of Product.

1.3 Those instructions provide an exhaustive list of optional attributes.

## 2. Priority of Orders on the Exchange

2.1 During the normal trading phase, the Exchange will contain details of:

- (a) Bids and Offers that have not been Matched; and
- (b) the most recent Transaction.

2.2 Orders will be ranked on a price/time priority basis as follows: S

(a) For Orders other than Auction Orders:

- (i) Bids are automatically sorted by ascending price, with the highest price listed at the top of the price stack;
- (ii) Offers are automatically sorted by descending price, with the lowest price listed at the top of the price stack; and
- (iii) Within each price stack, Bids or Offers ranked equally on price are sorted by time with the earliest Bid or Offer ranked above subsequent Bids or Offers.

(b) For Auction Orders:

- (i) Bids are automatically sorted by ascending price, with the highest price listed at the top of the price stack; and
- (ii) Within each price stack, Bids ranked equally on price are sorted by time with the earliest Bid ranked above subsequent Bids.

2.3 If a Participant:

- (a) withdraws or cancels an Offer or Bid, then the Offer or Bid is deleted from the Order Book;
- (b) makes any amendment to an Offer or Bid, the Offer or Bid loses its priority ranking, and the amended Order is treated as a new Order.

2.4 If an Order is partially Matched, the un-Matched portion of the Order will retain its priority ranking.

## 3. Matching

3.1 Orders other than Auction Orders:

- (a) The Exchange automates the matching of Offers and Bids in accordance with the priority price/time ranking of Offers and Bids as outlined in paragraphs 2.1, 2.2(a), 2.3 and 2.4 of this Procedure 5.4.
- (b) In addition, an Order may be wholly or partially Matched by a Participant selecting the “Buy” or “Sell” button directly on the Exchange without submitting a separate Order.
- (c) The subsequent execution, clearing and settlement of a Transaction, is further described in Procedure 6.1.

3.2 For Auction Orders:

- (a) Subject to the priority price and time ranking of Bids as outlined in paragraph 2.1, 2.2(b), 2.3 and 2.4 of this Procedure 5.4, all Bid prices greater than or equal to the Offer MAP, up to the total number of that type of Product on Offer, will be automatically Matched.
- (b) The price of the Matched Orders will be the lowest Bid price greater than or equal to the Offer MAP where the total number of that type of Product on Offer is Matched.
- (c) If the lowest Bid exceeds the total number of that type of Product on Offer, it will be partially Matched to fulfil the total number of that type of Product on Offer.

3.3 Except in accordance with the Rules and these Procedures, Market Operator will not disclose the identity of Participants that are counterparties to a Transaction.

## P5.5 OTC Trades

### 1. OTC Trade attributes

1.1 OTC Trades submitted to the Market must comply with the instructions provided to Participant's Representatives and Broker's Representatives in accordance with Rules 2.4 and 2.5.

1.2 Those instructions provide an exhaustive list of mandatory attributes, which include:

- (a) the names of the selling and buying Participants on whose behalf the OTC Trade was submitted;
- (a) the specific type of Product;
- (b) the number of that type of Product comprised in the OTC Trade; and
- (c) the unit price for that type of Product.

1.3 Those instructions may also provide an exhaustive list of optional attributes.

### 2. OTC Trades on the Exchange

2.1 If a Participant:

- (a) withdraws or cancels an OTC Trade before it is Confirmed, then Market Operator will delete the OTC Trade;
- (b) makes any amendment to an OTC Trade, the amended OTC Trade is treated as a new OTC Trade.

### 3. Confirming

3.1 On receipt of an OTC Trade submitted via the OTC Portal, Market Operator will request the Participants named in the OTC Trade to provide an OTC Trade Confirmation.

3.2 An OTC Trade is Confirmed at the point in time when Market Operator receives the matching OTC Trade Confirmations in relation to an OTC Trade.

3.3 The subsequent execution, clearing and settlement of a Transaction, is further described in Procedure 6.1.

- 3.4 Except in accordance with the Rules and these Procedures, Market Operator will not disclose the identity of Participants that are counterparties to a Transaction.

## **P5.6 Cancellation of Orders, OTC Trades and Pending Transactions**

### **1. Orders**

- 1.1 A Participant may cancel any of its Orders by submitting such a request to the Exchange.
- 1.2 Market Operator will cancel all Orders in the Market that have not been Matched at the close of trading unless the Order is submitted as good until cancelled.

### **2. OTC Trades**

- 2.1 A Participant named in an OTC Trade may cancel the OTC Trade by rejecting the request from Market Operator to provide an OTC Trade Confirmation.
- 2.2 Market Operator may cancel an OTC Trade:
- (a) if the OTC Trade has not been Confirmed, withdrawn, amended or cancelled in accordance with the Rules and Procedures within three (3) Business Days of the date the OTC Trade was submitted to the Market via the OTC Portal; and
  - (b) in the circumstances that the OTC Trade does not comply with the Rules, or to otherwise ensure a fair, orderly and transparent market.

### **3. Pending Transactions**

- 3.1 Subject to paragraph 2 of this Procedure 5.6, a Pending Transaction may only be cancelled by Market Operator:
- (a) after receipt of instructions to do so from both Participants involved in the Pending Transaction; or
  - (b) to otherwise ensure a fair, orderly and transparent market.

## **P5.10 Costs**

If Market Operator incurs any of the costs referred to in Rule 5.10, Market Operator may debit those costs from the Participant's Bank Account.

## **6. CLEARING AND SETTLEMENT**

### **P6.1 Clearing and Settlement arrangements**

The Procedures for clearing and settlement arrangements are set out in the Annexures applicable to the Products the subject of the Transaction.

Please see Rule 12 for clarification on clearing and settlement.

The Procedures for clearing and settlement arrangements for Futures Products are set out in the Futures Rules applicable to the relevant Futures Products the subject of the Futures Transaction.



## 7. FAIR AND ORDERLY MARKET

### P7.1 Market Operator's orderly market powers

#### 1. Trading halts and suspensions

1.1 Under Rule 7.1(b), Market Operator is authorized to place one or more specific types of Products quoted on the Market into a trading halt or suspension. After doing so, Market Operator will assess whether maintaining the halt or suspension on the Market is justified. Market Operator will notify Participants and Brokers if it proposes removing a trading halt or suspension for a Product.

1.2 When a Product has been placed into a trading halt, the Market will, in relation to that Product:

- (a) not accept new Orders or allow existing Orders to be amended;
- (b) allow a Participant to cancel existing Orders;
- (c) not accept new OTC Trades or allow OTC Trades to be amended; or
- (d) not allow Pending Transactions to be amended or cancelled except to otherwise ensure a fair, orderly and transparent market.

1.3 Market Operator will provide Participants and Brokers with at least 10 minutes prior notice before removing a trading halt or suspension for a particular Product.

### P7.4 Market-related Disputes

#### 1. Time limits

1.1 Any notification by a Participant pursuant to Rule 7.4(a) must be made:

- (a) if the Dispute relates to a Transaction, within 20 minutes of execution of the Transaction;  
or
- (b) if the Dispute does not relate to a Transaction, by 6pm on the day on which the Dispute has arisen.

#### 2. Minimum requirements of notification

2.1 Any notification by a Participant pursuant to Rule 7.4(a) must provide:

- (a) sufficient details of the Dispute including details of the Transaction or other actions in the Market relevant to the Dispute; and
- (b) details of the action the Participant requests Market Operator to take and why the Participant considers such action would be consistent with ensuring a fair and orderly market.

#### 3. Identity of a counterparty

3.1 Market Operator may in its absolute discretion (and at the request or demand of a Government Authority) disclose to a Participant the identity of the counterparty to a Transaction involving the Participant in order that the Participant may discuss the Transaction directly with the counterparty.

## **P7.5 Review of Decision under Rule 7.4(d)**

### **1. Review of the non-exercise of powers**

1.1 A review can be requested under Rule 7.5 of a proposed decision by Market Operator not to exercise any of the powers listed in Rule 7.4(d).

### **2. Making a Request**

2.1 A Participant may provide the notification and request for a review under Rule 7.5 by email. The notification and request must be made to Market Operations in accordance with Procedure 13.7.

### **3. Review proceedings**

3.1 The review proceedings will be conducted with a view to resolving the Dispute as soon as reasonably practicable and, if at all possible, within 5 Business Days of receipt of the request for a review made under Rule 7.5.

3.2 The review proceedings may be conducted by telephone.

### **4. Procedure 1.6 applicable**

4.1 Further Procedures on reviews are contained in Procedure 1.6.

## **8. MONITORING & INVESTIGATION**

### **P8.1 Monitoring Compliance and Investigation**

1.1 Market Compliance may investigate an alleged or suspected contravention of the Rules. If Market Compliance is of the view that a contravention may have taken place, it may issue a draft investigation report to the Participant or Broker that may have contravened the Rules. The Participant or Broker may respond to the draft report.

1.2 If, after receiving and considering any response (or no response) from a Participant or Broker to a draft investigation report (if any), Market Compliance remains of the view that a contravention of the Rules may have taken place, it must:

- (a) if the alleged contravention of the Rules is significant, refer the alleged contravention of the Rules to the Compliance Committee; or
- (b) if the alleged contravention of the Rules is not significant, refer the alleged contravention of the Rules to the Market Operator Executive,

together with a copy of an investigation report and all relevant information, including any relevant response by a Participant or Broker to a draft of an investigation report.

1.3 If the Market Operator Executive considers the alleged contravention referred to it under paragraph 1.2(b) is significant, the Market Operator Executive must refer the alleged contravention of the Rules to the Compliance Committee, together with the information and documentation received from Market Compliance and a revised investigation report.

1.4 After considering a referral of an alleged contravention of a Rule (and all the information that has been provided to it) under paragraph 1.2(a) or paragraph 1.3, the Compliance Committee must, with reference to Market Operator's powers in Rule 9, submit a recommendation to the Market Operator Executive.

### **P8.2 Information**

1.1 A requirement by Market Operator to provide information is subject to and governed by the laws of the jurisdiction specified in Schedule 1 of the Rules, including those relating to legal privilege.

### **P8.3 Independent Report by a Qualified Person**

1.1 Examples of matters in respect of which Market Operator may request a report under Rule 8.3 include:

- (a) the Participant's or Broker's systems and controls in relation to accessing the Market; and
- (b) the Participant's or Broker's systems and controls in relation to reporting requirements under the Rules.

## 9. DISCIPLINARY ACTIONS, SANCTIONS AND OTHER POWERS

### P9.2 Disciplinary Action

#### 1. Notices Issued under Rule 9.2(a)

1.1 After receiving a recommendation from the Compliance Committee submitted under paragraph 1.4 of Procedure 8.1, Market Operator Executive must either:

- (a) make a determination under Rule 9 in accordance with the recommendation; or
- (b) refer the alleged violation of the Rules to a Review Committee in accordance with Rule 9.2(d).

1.2 A notice issued by Market Operator under Rule 9.2(a) shall contain:

- (a) the Rule that has been violated;
- (b) the facts and circumstances that gave rise to the contravention and reasons in support of the determination;
- (c) the proposed sanction(s) for the violation; and
- (d) the right of the Participant or Broker to object to the determination under Rule 9.2(b).

#### 2. Reviews conducted under Rule 9

2.1 The Review Committee has responsibility for reviewing Market Operator determinations where a review is requested by a Participant or Broker in compliance with Rule 9.2(b) and the Procedures. A person may not be both a member of the Compliance Committee that considered a referral of an alleged contravention of a Rule and a member of a Review Committee that considers the same or a related contravention.

2.2 The Review Committee may also review a matter referred to it by Market Operator under Rule 9.2(d).

#### 3. Hearing date

3.1 The Chairman of the Review Committee will give reasonable notice to Market Operator and the relevant Participant or Broker of the nominated date, time and place for the hearing. The hearing date must be at least five (5) Business Days after the date the notice is received by the relevant Participant or Broker.

3.2 The Review Committee may amend the hearing date for which notice was previously given, and appoint a substitute hearing date. The Review Committee will provide reasonable notice of the new date to Market Operator and the relevant Participant or Broker and may adjourn and re-convene proceedings as it sees fit.

#### 4. Attendance at the hearing

4.1 Proceedings of the Review Committee will take place in private.

4.2 Each of Market Operator and the relevant Participant or Broker may have up to two (2) representatives present to make submissions. A representative may be:

- (a) an Employee;
- (b) counsel; or
- (c) any other person approved by the Review Committee.

4.3 Market Operator may in its sole discretion specify one or more other persons who may attend the proceedings as observers.

5. Written submissions

5.1 The Review Committee may, but is not required, to permit the parties to make all submissions on a particular disciplinary matter in writing, rather than attend a hearing in person.

6. Agreed outcomes

6.1 If Market Operator and the relevant Participant or Broker submit a proposed agreed outcome to the Review Committee under Rule 9.3(b) then the Review Committee must, before it decides not to accept the agreed outcome, provide Market Operator and the relevant Participant or Broker concerned with an opportunity to be heard in relation to the matter and the proposed agreed outcome.

7. Formalities, recording and transcripts

7.1 Subject to these Procedures and the Rules, the Review Committee may conduct its proceedings as it sees fit and may record or make a transcript of proceedings (or both) at the hearing. If a transcript or recording is made, the Review Committee must make it available to Market Operator and to the relevant Participant or Broker.

8. Fair hearing

8.1 The Review Committee must conduct the proceedings without bias and must give the relevant Participant or Broker and Market Operator a fair hearing.

9. Decision of the Review Committee

9.1 The decision of the Review Committee on:

- (a) whether a contravention of a Rule has taken place; and
- (b) the sanction to be imposed;

will be determined according to a simple majority of votes of the persons appointed to the Review Committee. Each member of the Review Committee has, and must exercise, a deliberate vote. The Chairman of the Review Committee does not have a casting vote.

9.2 Under Rule 9.2(f) and these Procedures, the decision of the Review Committee is binding on the relevant Participant or Broker and Market Operator.

10. Determinations and sanctions

10.1 If the Review Committee decides that a Participant or Broker has violated the Rules, it may impose one or more of the sanctions set out in Rule 9.4.

11. Notification of decision

11.1 The Review Committee will notify Market Operator and the relevant Participant or Broker of the decision and the reason for its decision, including any sanction that is imposed, as soon as it is reasonably practicable to do so. The Review Committee has the power to direct what details of its decision may be made public.

11.2 Market Operator may, subject to paragraph 11.1 of this Procedure 9.2, publicly announce a decision of the Review Committee.

12. Procedure 1.6 applicable

12.1 Further Procedures on reviews are contained in Procedure 1.6.

#### **P9.4 Sanctions**

1.1 For the purposes of Rule 9.4(e), the maximum fine is the amount specified in Part 1 of Annexure A.

1.2 Market Operator must not publish a disciplinary sanction that has been imposed on a Participant or Broker unless:

- (a) the period for requesting a review of the decision by Market Operator to impose the sanction has expired and the Participant or Broker has not requested a review; or
- (b) the Review Committee has notified Market Operator and the relevant Participant or Broker of its decision on the review of the sanction and the publication complies with any direction made by the Review Committee under paragraph 11.1 of Procedure 9.2.

1.3 For the purposes of Rule 9.4(i), there are currently no additional sanctions.

#### **P9.5 Register of decisions**

1.1 Market Operator will keep a register of all decisions of the Review Committee. The register will, subject to paragraph 11.1 of Procedure 9.2, be made available for inspection.

## 13. GENERAL

### P13.1 Privacy exchange of information

- 1.1 Market Operator may be required by Applicable Law to conduct, commission or otherwise instigate background checks on a Participant, Broker or any of its Employees. Each Participant and Broker hereby expressly authorises Market Operator to comply with any such legal obligations and must assist Market Operator if requested.
- 1.2 Market Operator may in certain situations be legally required to exchange information in connection with a Participant or Broker and its business activity in connection with the Market or Market Operator with:
  - (a) Government Authorities;
  - (b) Approved Registries; or
  - (c) Approved Clearing Banks.

### P13.2 Complaints

All complaints against Market Operator or its Employees must be made in accordance with Market Operator's complaints policy and procedure which can be accessed at the Website.

### P13.3 Fees and charges

- 1.1 For the purposes of Rule 13.3, interest on any outstanding amounts will be payable at the rate of 10% per annum calculated on a daily basis until the monies are paid.
- 1.2 Within ten (10) Business Days after the end of each month, Market Operator will provide each Participant and Broker with a monthly statement (and where applicable a quarterly tax invoice) specifying:
  - (a) the amounts paid, and
  - (b) the outstanding amounts owed to Market Operator (including any separately identified amounts of interest payable on those outstanding amounts).

### P13.7 Notifications

#### Notifications to Market Operator

- 1.1 Subject to paragraphs 1.2 and 1.3 of this Procedure, all notifications to Market Operator by a Participant or Broker under the Rules should be addressed to the person holding the position specified in paragraph 1 of Part 3 of Annexure A.
- 1.2 The following exceptions to paragraph 1.1 apply:
  - (a) the notice is in relation to a request for a review pursuant to Rules 7.2, 9.2(b) or 9.7;
  - (b) the notice is in respect of actual or contemplated disciplinary proceedings under the Rules;
  - (c) the notice relates to a confidential matter, complaint or allegation of conflict of interest

concerning the operation of the Market;

- (d) specific correspondence with a Participant or Broker directs how notices are to be provided.

1.3 Notifications that fall within one of the exceptions specified in paragraph 1.2 should be addressed to the person holding the position specified in paragraph 2 of Part 3 of Annexure A.

1.4 Notice to Market Operator by Participants or Brokers may be given by one of the following methods:

- (a) delivering it personally to the relevant person specified in Part 3 of Annexure A or otherwise specified in relevant correspondence with the Participant or Broker;
- (b) leaving it at or by sending it by courier or post to the address specified in Part 3 of Annexure A or otherwise specified in relevant correspondence with the Participant or Broker;
- (c) submitting it via the Exchange, where applicable, unless otherwise directed by Market Operator; or
- (d) specific email by any method which identifies the relevant person specified in Part 3 of Annexure A, and a delivery receipt has been received.

#### Notifications to Participants and Brokers

1.5 Notice by Market Operator to:

- (a) a Participant must be addressed to “Attention: Participant’s Designated Authorized Representative, [Name], [Participant]”; and
- (b) a Broker must be addressed to “Attention: Broker’s Designated Authorized Representative, [Name], [Broker]”.

1.6 Notice by Market Operator to a Participant may be given by:

- (a) delivering it to the Participant’s Designated Authorized Representative personally;
- (b) leaving it at or by sending it by courier or post to the address of the Participant last notified to Market Operator;
- (c) a circular or bulletin address to a class of Participants and delivered or communicated via the Exchange;
- (d) specific email by any method which identifies a person or person’s title as addressee and a delivery receipt is received; or
- (e) broadcast email by any method which identifies the addressee and which, having regard to all the relevant circumstances at the time, is appropriate for the purposes for which the information was communicated.

1.7 Notice by Market Operator to a Broker must be given by:

- (a) delivering it to the Broker’s Designated Authorized Representative personally;
- (b) leaving it at or by sending it by courier or post to the address of the Broker last notified to Market Operator;



- (c) a circular or bulletin address to a class of Brokers and delivered or communicated via the Exchange;
- (d) specific email by any method which identifies a person or person's title as addressee and a delivery receipt is received; or
- (e) broadcast email by any method which identifies the addressee and which, having regard to all the relevant circumstances at the time, is appropriate for the purposes for which the information was communicated.

Timing of receipt of Notice

1.8 The time of receipt of Notice is as follows:

- (a) post is taken to be given on the third Business Day after the document is put in the post, in a stamped envelope or other covering addressed to the recipient;
- (b) courier is taken to be given at the time of delivery to the relevant address;
- (c) email is taken to be given when a valid delivery receipt is received; and
- (d) messages sent via the Exchange are taken to have been received at the time when the Exchange records the transmission.

1.9 For the purpose of Rule 3.1(d) and Rule 3.4, a notice given in accordance with this Procedure is received at the time determined by this Procedure.

**ANNEXURE A – General****Part 1 - Fees**

<b>Description</b>	<b>Amount</b>
the annual fee for participation in the Market referred to in paragraph 3 of Procedure 3.1;	(a) Nil for participation in the Market for Products specified in Schedules 2, 3, 8, 9, 10, 12 and 13; (b) USD2,500.00 (plus any applicable taxes) for participation in the Market for Products specified in Schedules 4, 5, 6 and 7 (which is inclusive of the costs for establishing two Participant's Market Registry Accounts. Please note that additional Participant Market Registry Accounts can be established and maintained for an annual fee of USD500.00 in relation to the Approved Registries specified in Schedules 4, 6 and 7 and USD1,000.00 in relation to the Approved Registry specified in Schedule 5).
the fee payable by the buying Participant in a Transaction referred to in paragraph 5.1(c)(i) of Procedure 6.1;	Refer to Market Operator Product Fee Table on the following page
the fee payable by the selling Participant in a Transaction referred to in paragraph 5.1(c)(ii) of Procedure 6.1;	Refer to Market Operator Product Fee Table on the following page
the amount of the maximum fine for the sanction referred to in paragraph 1.1 of Procedure 9.4	USD100,000

Market Operator Product Fee Table

<b>Product (Product Code)</b>	<b>Fee payable by the buying Participant</b>	<b>Fee payable by the selling Participant</b>
RGGI Vintage 2018 CO <sub>2</sub> Allowance Spot Product (RGA)	USD0.01 per Unit (i.e USD10.00 per lot)	USD0.01 per Unit (i.e USD10.00 per lot)
California Carbon Allowance Vintage 2017 Spot Product (CCAv17)	USD0.015 per Unit (i.e USD15.00 per lot)	USD0.015 per Unit (i.e USD15.00 per lot)
California Carbon Allowance Vintage 2018 Spot Product (CCAv18)	USD0.015 per Unit (i.e USD15.00 per lot)	USD0.015 per Unit (i.e USD15.00 per lot)
California Carbon Allowance Vintage 2019 Spot Product (CCAv19)	USD0.015 per Unit (i.e USD15.00 per lot)	USD0.015 per Unit (i.e USD15.00 per lot)
California Carbon Allowance Vintage 2020 Spot Product (CCAv20)	USD0.015 per Unit (i.e USD15.00 per lot)	USD0.015 per Unit (i.e USD15.00 per lot)
VCS Verified Carbon Units Spot Product (VCU)	USD0.05 per Unit* (i.e USD0.05 per lot)	USD0.10 per Unit (i.e USD0.10 per lot)
Gold Standard Verified Emission Reductions Spot Product (VER)	USD0.05 per Unit* (i.e USD0.05 per lot)	USD0.10 per Unit (i.e USD0.10 per lot)
CAR Climate Reserve Tonnes Spot Product (CRT)	USD0.05 per Unit* (i.e USD0.05 per lot)	USD0.10 per Unit (i.e USD0.10 per lot)
ACR Emission Reduction Tonnes Spot Product (ERT)	USD0.05 per Unit* (i.e USD0.05 per lot)	USD0.10 per Unit (i.e USD0.10 per lot)
LRET Large-scale Generation Certificate Spot Product (LGC)	AUD0.05 per Unit (i.e AUD0.05 per lot)	AUD0.05 per Unit (i.e AUD0.05 per lot)
SRES Small-scale Technology Certificate Spot Product (STC)	AUD0.05 per Unit (i.e AUD0.05 per lot)	AUD0.05 per Unit (i.e AUD0.05 per lot)
NSW ESS Energy Savings Certificate Spot Product (ESC)	AUD0.05 per Unit (i.e AUD0.05 per lot)	AUD0.05 per Unit (i.e AUD0.05 per lot)
Texas Renewable Energy Certificate Vintage 2016 Spot Product (TXRECV16)	USD0.03 per unit (i.e USD0.03 per lot)	USD0.03 per unit (i.e USD0.03 per lot)
Texas Renewable Energy Certificate Vintage 2017 Spot Product (TXRECV17)	USD0.02 per unit (i.e USD0.02 per lot)	USD0.02 per unit (i.e USD0.02 per lot)
Texas Renewable Energy Certificate Vintage 2018 Spot Product (TXRECV18)	USD0.02 per unit (i.e USD0.02 per lot)	USD0.02 per unit (i.e USD0.02 per lot)
Texas Solar Renewable Energy Certificate Vintage 2016 Spot Product (TXSRV16)	USD0.05 per unit (i.e USD0.05 per lot)	USD0.05 per unit (i.e USD0.05 per lot)

Texas Solar Renewable Energy Certificate Vintage 2017 Spot Product (TXSRv17)	USD0.05 per unit (i.e USD0.05 per lot)	USD0.05 per unit (i.e USD0.05 per lot)
Texas Solar Renewable Energy Certificate Vintage 2018 Spot Product (TXSRv18)	USD0.05 per unit (i.e USD0.05 per lot)	USD0.05 per unit (i.e USD0.05 per lot)
Texas Green-E Eligible Wind Renewable Energy Certificate Vintage 2016 Spot Product (TXGEWv16)	USD0.02 per unit (i.e USD0.02 per lot)	USD0.02 per unit (i.e USD0.02 per lot)
Texas Green-E Eligible Wind Renewable Energy Certificate Vintage 2017 Spot Product (TXGEWv17)	USD0.02 per unit (i.e USD0.02 per lot)	USD0.02 per unit (i.e USD0.02 per lot)
Texas Green-E Eligible Wind Renewable Energy Certificate Vintage 2018 Spot Product (TXGEWv18)	USD0.02 per unit (i.e USD0.02 per lot)	USD0.02 per unit (i.e USD0.02 per lot)
Texas Green-E Eligible Wind Renewable Energy Certificate Vintage 2017 Front Half Spot Product (TXGEW17fh)	USD0.02 per unit (i.e USD0.02 per lot)	USD0.02 per unit (i.e USD0.02 per lot)
Texas Green-E Eligible Wind Renewable Energy Certificate Vintage 2017 Back Half Spot Product (TXGEW17bh)	USD0.02 per unit (i.e USD0.02 per lot)	USD0.02 per unit (i.e USD0.02 per lot)
Texas Green-E Eligible Wind Renewable Energy Certificate Vintage 2018 Front Half Spot Product (TXGEW18fh)	USD0.02 per unit (i.e USD0.02 per lot)	USD0.02 per unit (i.e USD0.02 per lot)
Texas Green-E Eligible Wind Renewable Energy Certificate Vintage 2018 Back Half Spot Product (TXGEW18bh)	USD0.02 per unit (i.e USD0.02 per lot)	USD0.02 per unit (i.e USD0.02 per lot)
NEPOOL Dual-Qualified Class 1 Renewable Energy Certificate Vintage 2017 Spot Product (NPLdual17)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
NEPOOL Dual-Qualified Class 1 Renewable Energy Certificates Vintage 2018 Spot Product (NPLdual18)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Connecticut Class 1 Renewable Energy Certificates Vintage 2017 Spot Product (CTC1v17)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Connecticut Class 1 Renewable Energy Certificates Vintage 2018 Spot Product (CTC1v18)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Connecticut Class 2 Renewable Energy Certificates Vintage 2017 Spot Product (CTC2v17)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Connecticut Class 2 Renewable Energy Certificates Vintage 2018 Spot Product (CTC2v18)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)

Connecticut Class 3 Renewable Energy Certificates Vintage 2017 Spot Product (CTC3v17)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Connecticut Class 3 Renewable Energy Certificates Vintage 2018 Spot Product (CTC3v18)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Massachusetts Class 1 Renewable Energy Certificates Vintage 2017 Spot Product (MAC1v17)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Massachusetts Class 1 Renewable Energy Certificates Vintage 2018 Spot Product (MAC1v18)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Massachusetts Class 2 Renewable Generation Attributes Vintage 2017 Spot Product (MA2nw17)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Massachusetts Class 2 Renewable Generation Attributes Vintage 2018 Spot Product (MA2nw18)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Massachusetts Class 2 Waste Energy Generation Attributes Vintage 2017 Spot Product (MA2wte17)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Massachusetts Class 2 Waste Energy Generation Attributes Vintage 2018 Spot Product (MA2wte18)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Massachusetts Solar Carve-Out Renewable Energy Certificates Vintage 2016 Spot Product (MAS1v16)	USD2.00 per unit (i.e USD2.00 per lot)	USD2.00 per unit (i.e USD2.00 per lot)
Massachusetts Solar Carve-Out Renewable Energy Certificates Vintage 2017 Spot Product (MAS1v17)	USD2.00 per unit (i.e USD2.00 per lot)	USD2.00 per unit (i.e USD2.00 per lot)
Massachusetts Solar Carve-Out Renewable Energy Certificates Vintage 2018 Spot Product (MAS1v18)	USD2.00 per unit (i.e USD2.00 per lot)	USD2.00 per unit (i.e USD2.00 per lot)
Massachusetts Solar Carve-Out Renewable Energy Certificates Vintage 2016 Remint Spot Product (MAS1rmt16)	USD2.00 per unit (i.e USD2.00 per lot)	USD2.00 per unit (i.e USD2.00 per lot)
Massachusetts Solar Carve-Out II Renewable Energy Certificates Vintage 2016 Remint Spot Product (MAS2rmt16)	USD2.00 per unit (i.e USD2.00 per lot)	USD2.00 per unit (i.e USD2.00 per lot)
Massachusetts Solar Carve-Out II Renewable Energy Certificates Vintage 2016 Spot Product (MAS2v16)	USD2.00 per unit (i.e USD2.00 per lot)	USD2.00 per unit (i.e USD2.00 per lot)
Massachusetts Solar Carve-Out II Renewable Energy Certificates Vintage 2017 Spot Product (MAS2v17)	USD2.00 per unit (i.e USD2.00 per lot)	USD2.00 per unit (i.e USD2.00 per lot)

Massachusetts Solar Carve-Out II Renewable Energy Certificates Vintage 2018 Spot Product (MAS2v18)	USD2.00 per unit (i.e USD2.00 per lot)	USD2.00 per unit (i.e USD2.00 per lot)
Massachusetts Alternative Energy Credit Vintage 2017 Spot Product (MAAPSV17)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Massachusetts Alternative Energy Credit Vintage 2018 Spot Product (MAAPSV18)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Rhode Island Existing Renewable Energy Certificate Vintage 2017 Spot Product (Rlex17)	USD0.05 per unit (i.e USD0.05 per lot)	USD0.05 per unit (i.e USD0.05 per lot)
Rhode Island Existing Renewable Energy Certificate Vintage 2018 Spot Product (Rlex18)	USD0.05 per unit (i.e USD0.05 per lot)	USD0.05 per unit (i.e USD0.05 per lot)
Rhode Island New Renewable Energy Certificate Vintage 2017 Spot Product (Rlnew17)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Rhode Island New Renewable Energy Certificate Vintage 2018 Spot Product (Rlnew18)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Maine Class 1 Renewable Energy Certificate Vintage 2017 Spot Product (ME1v17)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Maine Class 1 Renewable Energy Certificate Vintage 2018 Spot Product (ME1v18)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Maine Class 2 Renewable Energy Certificate Vintage 2017 Spot Product (ME2v17)	USD0.01 per unit (i.e USD0.01 per lot)	USD0.01 per unit (i.e USD0.01 per lot)
Maine Class 2 Renewable Energy Certificate Vintage 2018 Spot Product (ME2v18)	USD0.01 per unit (i.e USD0.01 per lot)	USD0.01 per unit (i.e USD0.01 per lot)
New Hampshire Class 1 Renewable Energy Certificate Vintage 2017 Spot Product (NH1v17)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
New Hampshire Class 1 Renewable Energy Certificate Vintage 2018 Spot Product (NH1v18)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
New Hampshire Class 2 Renewable Energy Certificate Vintage 2017 Spot Product (NH2v17)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
New Hampshire Class 2 Renewable Energy Certificate Vintage 2018 Spot Product (NH2v18)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
New Hampshire Class 3 Renewable Energy Certificate Vintage 2017 Spot Product (NH3v17)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
New Hampshire Class 3 Renewable Energy Certificate Vintage 2018 Spot Product (NH3v18)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
New Hampshire Class 4 Renewable Energy Certificate Vintage 2017 Spot Product (NH4v17)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)

New Hampshire Class 4 Renewable Energy Certificate Vintage 2018 Spot Product (NH4v18)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Vermont Tier 1 Renewable Energy Certificate Vintage 2017 Spot Product (VT1v17)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Vermont Tier 1 Renewable Energy Certificate Vintage 2018 Spot Product (VT1v18)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Vermont Tier 2 Renewable Energy Certificate Vintage 2017 Spot Product (VT2v17)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Vermont Tier 2 Renewable Energy Certificate Vintage 2018 Spot Product (VT2v18)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
PJM Tri-Qualified Tier 1 Renewable Energy Certificates Vintage 2016 Spot Product (PJM1tri16)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
PJM Tri-Qualified Tier 1 Renewable Energy Certificates Vintage 2017 Spot Product (PJM1tri17)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
PJM Tri-Qualified Tier 1 Renewable Energy Certificates Vintage 2018 Spot Product (PJM1tri18)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Pennsylvania Tier 1 Alternative Energy Certificates Vintage 2016 Spot Product (PAT1v16)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Pennsylvania Tier 1 Alternative Energy Certificates Vintage 2017 Spot Product (PAT1v17)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Pennsylvania Tier 1 Alternative Energy Certificates Vintage 2018 Spot Product (PAT1v18)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Pennsylvania Tier 1 Alternative Energy Certificates Vintage 2019 Spot Product (PAT1v19)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Pennsylvania Tier 2 Alternative Energy Certificates Vintage 2016 Spot Product (PAT2v16)	USD0.02 per unit (i.e USD0.02 per lot)	USD0.02 per unit (i.e USD0.02 per lot)
Pennsylvania Tier 2 Alternative Energy Certificates Vintage 2017 Spot Product (PAT2v17)	USD0.02 per unit (i.e USD0.02 per lot)	USD0.02 per unit (i.e USD0.02 per lot)
Pennsylvania Tier 2 Alternative Energy Certificates Vintage 2018 Spot Product (PAT2v18)	USD0.02 per unit (i.e USD0.02 per lot)	USD0.02 per unit (i.e USD0.02 per lot)
Pennsylvania Tier 2 Alternative Energy Certificates Vintage 2019 Spot Product (PAT2v19)	USD0.02 per unit (i.e USD0.02 per lot)	USD0.02 per unit (i.e USD0.02 per lot)
Pennsylvania Solar Alternative Energy Certificates Vintage 2016 Spot Product (PASRv16)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)

Pennsylvania Solar Alternative Energy Certificates Vintage 2017 Spot Product (PASRv17)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Pennsylvania Solar Alternative Energy Certificates Vintage 2018 Spot Product (PASRv18)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Pennsylvania Solar Alternative Energy Certificates Vintage 2019 Spot Product (PASRv19)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Pennsylvania In-State Solar Alternative Energy Certificates Vintage 2016 Spot Product (PASRv16)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Pennsylvania In-State Solar Alternative Energy Certificates Vintage 2017 Spot Product (PASRv17)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Pennsylvania In-State Solar Alternative Energy Certificates Vintage 2018 Spot Product (PASRv18)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Pennsylvania In-State Solar Alternative Energy Certificates Vintage 2019 Spot Product (PASRv19)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
New Jersey Class 1 Renewable Energy Certificates Vintage 2016 Spot Products (NJC1v16)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
New Jersey Class 1 Renewable Energy Certificates Vintage 2017 Spot Products (NJC1v17)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
New Jersey Class 1 Renewable Energy Certificates Vintage 2018 Spot Products (NJC1v18)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
New Jersey Class 1 Renewable Energy Certificates Vintage 2019 Spot Products (NJC1v19)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
New Jersey Class 2 Renewable Energy Certificates Vintage 2016 Spot Products (NJC2v16)	USD0.10 per unit (i.e USD0.10 per lot)	USD0.10 per unit (i.e USD0.10 per lot)
New Jersey Class 2 Renewable Energy Certificates Vintage 2017 Spot Products (NJC2v17)	USD0.10 per unit (i.e USD0.10 per lot)	USD0.10 per unit (i.e USD0.10 per lot)
New Jersey Class 2 Renewable Energy Certificates Vintage 2018 Spot Products (NJC2v18)	USD0.10 per unit (i.e USD0.10 per lot)	USD0.10 per unit (i.e USD0.10 per lot)



New Jersey Class 2 Renewable Energy Certificates Vintage 2019 Spot Products (NJC2v19)	USD0.10 per unit (i.e USD0.10 per lot)	USD0.10 per unit (i.e USD0.10 per lot)
New Jersey Solar Renewable Energy Certificates Vintage 2016 Spot Products (NJSRv16)	USD2.00 per unit (i.e USD2.00 per lot)	USD2.00 per unit (i.e USD2.00 per lot)
New Jersey Solar Renewable Energy Certificates Vintage 2017 Spot Products (NJSRv17)	USD2.00 per unit (i.e USD2.00 per lot)	USD2.00 per unit (i.e USD2.00 per lot)
New Jersey Solar Renewable Energy Certificates Vintage 2018 Spot Products (NJSRv18)	USD2.00 per unit (i.e USD2.00 per lot)	USD2.00 per unit (i.e USD2.00 per lot)
New Jersey Solar Renewable Energy Certificates Vintage 2019 Spot Products (NJSRv19)	USD2.00 per unit (i.e USD2.00 per lot)	USD2.00 per unit (i.e USD2.00 per lot)
Maryland Solar Renewable Energy Certificates Vintage 2016 Spot Products (MDSRv16)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Maryland Solar Renewable Energy Certificates Vintage 2017 Spot Products (MDSRv17)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Maryland Solar Renewable Energy Certificates Vintage 2018 Spot Products (MDSRv18)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Maryland Tier 1 Renewable Energy Certificates Vintage 2016 Spot Product (MDT1v16)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Maryland Tier 1 Renewable Energy Certificates Vintage 2017 Spot Product (MDT1v17)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Maryland Tier 1 Renewable Energy Certificates Vintage 2018 Spot Product (MDT1v18)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Maryland Tier 1 Non Black Liquor Renewable Energy Certificates Vintage 2016 Spot Product (MD1nbl16)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Maryland Tier 1 Non Black Liquor Renewable Energy Certificates Vintage 2017 Spot Product (MD1nbl17)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Maryland Tier 1 Non Black Liquor Renewable Energy Certificates Vintage 2018 Spot Product (MD1nbl18)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Maryland Tier 2 Renewable Energy Certificates Vintage 2016 Spot Product (MDT2v16)	USD0.02 per unit (i.e USD0.02 per lot)	USD0.02 per unit (i.e USD0.02 per lot)

Maryland Tier 2 Renewable Energy Certificates Vintage 2017 Spot Product (MDT2v17)	USD0.02 per unit (i.e USD0.02 per lot)	USD0.02 per unit (i.e USD0.02 per lot)
Maryland Tier 2 Renewable Energy Certificates Vintage 2018 Spot Product (MDT2v18)	USD0.02 per unit (i.e USD0.02 per lot)	USD0.02 per unit (i.e USD0.02 per lot)
District of Columbia Class 1 Renewable Energy Certificates Vintage 2016 Spot Product (DC1v16)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
District of Columbia Class 1 Renewable Energy Certificates Vintage 2017 Spot Product (DC1v17)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
District of Columbia Class 1 Renewable Energy Certificates Vintage 2018 Spot Product (DC1v18)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
District of Columbia Class 2 Renewable Energy Certificates Vintage 2016 Spot Product (DC2v16)	USD0.02 per unit (i.e USD0.02 per lot)	USD0.02 per unit (i.e USD0.02 per lot)
District of Columbia Class 2 Renewable Energy Certificates Vintage 2017 Spot Product (DC2v17)	USD0.02 per unit (i.e USD0.02 per lot)	USD0.02 per unit (i.e USD0.02 per lot)
District of Columbia Class 2 Renewable Energy Certificates Vintage 2018 Spot Product (DC2v18)	USD0.02 per unit (i.e USD0.02 per lot)	USD0.02 per unit (i.e USD0.02 per lot)
District of Columbia Solar Renewable Energy Certificates Vintage 2016 Spot Product (DCSRv16)	USD2.00 per unit (i.e USD2.00 per lot)	USD2.00 per unit (i.e USD2.00 per lot)
District of Columbia Solar Renewable Energy Certificates Vintage 2017 Spot Product (DCSRv17)	USD2.00 per unit (i.e USD2.00 per lot)	USD2.00 per unit (i.e USD2.00 per lot)
District of Columbia Solar Renewable Energy Certificates Vintage 2018 Spot Product (DCSRv18)	USD2.00 per unit (i.e USD2.00 per lot)	USD2.00 per unit (i.e USD2.00 per lot)
Delaware Class 1 Solar Renewable Energy Certificates Vintage 2016 Spot Product (DESRv16)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Delaware Class 1 Solar Renewable Energy Certificates Vintage 2017 Spot Product (DESRv17)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Delaware Class 1 Solar Renewable Energy Certificates Vintage 2018 Spot Product (DESRv18)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)

Delaware Class 1 Solar Renewable Energy Certificates Vintage 2019 Spot Product (DESRv19)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Delaware Class 1 Renewable Energy Certificates Vintage 2016 Spot Product (DE1v16)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Delaware Class 1 Renewable Energy Certificates Vintage 2017 Spot Product (DE1v17)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Delaware Class 1 Renewable Energy Certificates Vintage 2018 Spot Product (DE1v18)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Delaware Class 1 Renewable Energy Certificates Vintage 2019 Spot Product (DE1v19)	USD0.20 per unit (i.e USD0.20 per lot)	USD0.20 per unit (i.e USD0.20 per lot)
Delaware Class 2 Renewable Energy Certificates Vintage 2016 Spot Product (DE2new16)	USD0.10 per unit (i.e USD0.10 per lot)	USD0.10 per unit (i.e USD0.10 per lot)
Delaware Class 2 Renewable Energy Certificates Vintage 2017 Spot Product (DE2new17)	USD0.10 per unit (i.e USD0.10 per lot)	USD0.10 per unit (i.e USD0.10 per lot)
Delaware Class 2 Renewable Energy Certificates Vintage 2018 Spot Product (DE2new18)	USD0.10 per unit (i.e USD0.10 per lot)	USD0.10 per unit (i.e USD0.10 per lot)
Delaware Class 2 Renewable Energy Certificates Vintage 2019 Spot Product (DE2new19)	USD0.10 per unit (i.e USD0.10 per lot)	USD0.10 per unit (i.e USD0.10 per lot)
Ohio Non Solar Renewable Energy Certificates Vintage 2016 Spot Product (OHNSv16)	USD0.10 (i.e USD0.10 per lot)	USD0.10 (i.e USD0.10 per lot)
Ohio Non Solar Renewable Energy Certificates Vintage 2017 Spot Product (OHNSv17)	USD0.10 (i.e USD0.10 per lot)	USD0.10 (i.e USD0.10 per lot)
Ohio Non Solar Renewable Energy Certificates Vintage 2018 Spot Product (OHNSv18)	USD0.10 (i.e USD0.10 per lot)	USD0.10 (i.e USD0.10 per lot)
Ohio Solar Renewable Energy Certificates Vintage 2014 Spot Product (OHSRv14)	USD0.10 (i.e USD0.10 per lot)	USD0.10 (i.e USD0.10 per lot)
Ohio Solar Renewable Energy Certificates Vintage 2015 Spot Product (OHSRv15)	USD0.10 (i.e USD0.10 per lot)	USD0.10 (i.e USD0.10 per lot)

Ohio Solar Renewable Energy Certificates Vintage 2016 Spot Product (OHSRv16)	USD0.10 (i.e USD0.10 per lot)	USD0.10 (i.e USD0.10 per lot)
Ohio Solar Renewable Energy Certificates Vintage 2017 Spot Product (OHSRv17)	USD0.10 (i.e USD0.10 per lot)	USD0.10 (i.e USD0.10 per lot)
Ohio Solar Renewable Energy Certificates Vintage 2018 Spot Product (OHSRv18)	USD0.10 (i.e USD0.10 per lot)	USD0.10 (i.e USD0.10 per lot)
NOx Annual Allowance Spot Product (CSNOxANN)	USD0.05 per unit (i.e USD0.05 per lot)	USD0.05 per unit (i.e USD0.05 per lot)
NOx Ozone Season Allowance Spot Product (CSNOx03)	USD1.00 per unit (i.e USD1.00 per lot)	USD1.00 per unit (i.e USD1.00 per lot)
SO2 Group 1 Allowance Spot Product (CSO2GP1)	USD0.05 per unit (i.e USD0.05 per lot)	USD0.05 per unit (i.e USD0.05 per lot)
SO2 Group 2 Allowance Spot Product (CSO2GP2)	USD0.05 per unit (i.e USD0.05 per lot)	USD0.05 per unit (i.e USD0.05 per lot)
SO2 Group 2 Acid Rain Allowance Spot Product (CSO2AcidRn)	USD0.05 per unit (i.e USD0.05 per lot)	USD0.05 per unit (i.e USD0.05 per lot)
TGP Short Term Park – One Business Day (TGCap1)	-	-
TGP Short Term Park – Three Business Days (TGCap3)	-	-
TGP Short Term Park – Weekly (TGCap7)	-	-
TGP Loan Gas (TGPgasloan)	-	-

\* indicates the minimum fee payable by the buying Participant in a Transaction referred to in paragraph 2.1(c)(i) of Procedure 6.1 is USD50.00

## Part 2 – Phases of the Market

### *Part 2.1 - Phases of the Market - General*

1. On each Business Day, the Market for Products specified in Schedules 2 and 3 is comprised of the following phases:

Market - Trading Hours	
Time*	Phase
08.30 – 10:00	Pre-Open
10:00	Market Open
10:00 – 18:00	Normal Trading
18:00**	Market Close
18:00 – 19:00**	Post-Close

\* Note that all times are Eastern Time (the time in the State of New York).  
 \*\*16:00 and 16:00-17:00 respectively on the last Business Day of the week.

2. On each Business Day, the Market for Products specified in Schedules 4, 5, 6 and 7 will be open 24 hours a day.
3. On each Business Day, the Market for Products specified in Schedules 8 and 9 is comprised of the following phases:

Market - Trading Hours	
Time*	Phase
08.30 – 10:00	Pre-Open
10:00	Market Open
10:00 – 18:00	Normal Trading
18:00**	Market Close
18:00 – 19:00**	Post-Close

\* Note that all times are Eastern Time (the time in the State of New South Wales).  
 \*\*16:00 and 16:00-17:00 respectively on the last Business Day of the week.

4. On each Business Day, the Market for Products specified in Schedule 10 is comprised of the following phases:

Market - Trading Hours	
Time*	Phase
08.00 – 08:30	Pre-Open
08:30	Market Open
08:30 – 16:00	Normal Trading
16:00	Market Close
16:00 – 18:00	Post-Close

\* Note that all times are Eastern Time (the time in the State of New York).

5. On each Business Day, the Market for Products specified in Schedule 12 is comprised of the following phases:

Market - Trading Hours	
Time*	Phase

08.30 – 10:00	Pre-Open
10:00	Market Open
10:00 – 18:00	Normal Trading
18:00	Market Close
18:00 – 19:00	Post-Close

\* Note that all times are Eastern Time (the time in the State of New York).

6. On each Business Day, the Market for Products specified in Exhibit 13A is comprised of the following phases:

Market - Trading Hours	
Time*	Phase
10.00 – 11:00	Pre-Auction Phase
11.00 – 11.30	Auction Open
11.30	Auction Close
12.00	Auction Post-Close

\* Note that all times are Eastern Time (the time in the State of New South Wales).

7. On each Business Day, the Market for Products specified in Exhibit 13B is comprised of the following phases:

Market - Trading Hours	
Time*	Phase
Before 15.30	Pre-Auction Phase
16.00 – 16.30	Auction Open
16.30	Auction Close
17.00	Auction Post-Close

### Part 3 - Notification Particulars

1. Notifications under paragraph 1.1 of Procedure 13.7 where the Market Operator is:

a) CBL Markets (USA) LLC:

Manager - Market Operations  
CBL Markets (USA) LLC  
Level 4, 450 Lexington Avenue  
New York NY 10017  
USA

Telephone: +1 212 520 2935  
Email: [operations@cblmarkets.com](mailto:operations@cblmarkets.com)

b) CBL Markets (Australia) Pty Ltd:

Manager - Market Operations  
CBL Markets (Australia) Pty Ltd  
Level 5, 155 Clarence Street  
Sydney, NSW 2000  
Australia

Telephone: +61 2 8090 3434  
Email: [operations@cblmarkets.com](mailto:operations@cblmarkets.com)

2. Notifications under paragraph 1.3 of Procedure 13.7 where the Market Operator is:

a) CBL Markets (USA) LLC:

Manager – Market Compliance  
CBL Markets (USA) LLC  
Level 4, 450 Lexington Avenue  
New York NY 10017  
USA

Telephone: +1 212 520 2935  
Email: [compliance@cblmarkets.com](mailto:compliance@cblmarkets.com)

b) CBL Markets (Australia) Pty Ltd:

Manager - Market Compliance  
CBL Markets (Australia) Pty Ltd  
Level 5, 155 Clarence Street  
Sydney, NSW 2000  
Australia

Telephone: +61 2 8090 3434  
Email: [compliance@cblmarkets.com](mailto:compliance@cblmarkets.com)

## **ANNEXURE B – Spot Products associated with programs and initiatives other than the California Cap and Trade Program**

### **6. CLEARING AND SETTLEMENT**

#### **P6.1 Clearing and Settlement arrangements**

##### **1. Design of the Market**

1.1 The interfaces between the Exchange, Approved Registries and Approved Clearing Banks enable Market Operator to achieve same day clearing and settlement of Transactions through the payment versus delivery arrangements specified in this Procedure 6.1.

1.2 At any time, a Participant may:

- (a) transfer Units from the Participant's Registry Account into the Participant's Market Registry Account; and
- (b) transfer funds from the Participant's Bank Account into the Participant's Market Bank Account.

When making a transfer under this paragraph 1.2 of Procedure 6.1, the Participant:

- (c) is guaranteeing to Market Operator and other Participant's that the transferring Participant holds full and unencumbered legal title to the Units or funds the subject of the transfer; and
- (d) indemnifies and holds Market Operator and all other Participants harmless against any loss or damage suffered if the transferring Participant violates this guarantee.

1.3 At any time during the normal trading phase of the Market and in the one hour period following market close, a Participant may request Market Operator to transfer:

- (a) Units from the Participant's Market Registry Account to the Participant's Registry Account; and
- (b) funds from the Participant's Market Bank Account to the Participant's Bank Account.

1.4 Following receipt of a request from a Participant under paragraph 1.3 of Procedure 6.1, subject to paragraph 1.5 of Procedure 6.1 and provided that the Units or funds the subject of the request are not also the subject of the Participant's Orders or OTC Trade Confirmations, Market Operator will process the requested transfer.

1.5 Market Operator will not transfer:

- (a) Units out of the Participant's Market Registry Account; or
- (b) funds out of the Participant's Market Bank Account;

except in accordance with:

- (c) the Participant's instructions generated through the Participant's use of the Exchange; and/or



(d) the Rules (and in particular Rules 5.4 and 5.5) and these Procedures.

1.6 All of the transfers described in this paragraph 1 of Procedure 6.1 will be reflected on the Exchange in the relevant:

(a) Participant's Exchange Product Account for Unit transfers; and

(b) Participant's Exchange Cash Account for funds transfers.

1.7 On the execution of each Transaction the Exchange:

(a) Immediately updates the buying Participant's and selling Participant's:

(i) Participant's Exchange Product Account; and

(i) Participant's Exchange Cash Account; and

(b) notifies both Participants that the abovementioned accounts have been updated.

1.8 On each Business Day:

(a) the amount of funds the subject of each Transaction is settled in accordance with paragraph 2 of this Procedure 6.1 on a Transaction by Transaction basis; and

(b) the number and type of Units associated with the Products the subject of each Transaction are settled in accordance with paragraph 3 of this Procedure 6.1 on a netted end of day basis.

## 2. Settlement of the amount of funds the subject of Transactions

2.1 In this paragraph:

(a) **Total Transaction Consideration** means the total amount payable by the buying Participant which comprises the Transaction Amount, the buying Participant's Transaction Fee and any applicable taxes;

(b) **Transaction Amount** means the amount calculated by:

(i) multiplying the number of Units associated with the Products involved in the Transaction by the unit price for that Transaction; and

(ii) adding any applicable taxes;

(c) **Transaction Fee** means:

(i) the fee specified in Part 1 of Annexure A as payable by the buying Participant in a Transaction; or

(ii) the fee specified in Part 1 of Annexure A as payable by the selling Participant in a Transaction.

2.2 If the Offer and Bid are Matched (or if the OTC Trade is Confirmed), the Exchange will transfer the amount of funds the subject of this executed Transaction as follows:

(a) the transfer of the Total Transaction Consideration from the buying Participant's Market Bank Account to the Market Operator Cash Settlement Account;

- (b) the transfer of the Transaction Amount less the selling Participant's Transaction Fee (and any applicable taxes) from the Market Operator Cash Settlement Account to the selling Participant's Market Bank Account; and
- (c) the transfer of the Transaction Fees (and any applicable taxes) from the Market Operator Cash Settlement Account to the Operations Bank Account.

3. Settlement of the number and type of Units associated with Products the subject of Transactions

- 3.1 After each market close, utilizing the Exchange's transaction log, Market Operator will determine the netted end of day positions of each Participant for each type of Product;
- 3.2 For each type of Product, utilizing the netted end of day position of each Participant, Market Operator will transfer the number and type of Units associated with the Products the subject of the netted end of day positions:
  - (a) from the Participant's Market Registry Account of each net selling Participant to the Unit Transition Account; and
  - (b) from the Unit Transition Account to the Participant's Market Registry Account of each net buying Participant.

4. Timing of Transfers

- 4.1 The instructions provided to each Participant's Representative in accordance with Rules 2.4 and 2.5 contain further detail regarding when the transfers referred to in this Procedure 6.1 will be:
  - (a) reflected on the Exchange; and
  - (b) effected in the Participant's Market Bank Account, Participant's Market Registry Account, Participant's Bank Account and Participant's Registry Account.

## ANNEXURE C – Spot Products associated with the California Cap and Trade Program

### 6. CLEARING AND SETTLEMENT

#### P6.1 Clearing and Settlement arrangements

##### 1. Design of the Market

1.1 The interfaces between the Exchange, Approved Registries and Approved Clearing Banks enable Market Operator to achieve same day clearing and settlement of Transactions through the payment versus delivery arrangements specified in this Procedure 6.1.

1.2 A Participant may:

- (a) transfer Units from the Participant's Registry Account into the Unit Transition Account at any time from 0700hrs on the first Business Day of each week to 1200hrs (midday) on the last Business Day of each week; and
- (b) transfer funds from the Participant's Bank Account into the Participant's Market Bank Account at any time.

When making a transfer under this paragraph 1.2 of Procedure 6.1, the Participant:

- (c) is guaranteeing to Market Operator and other Participant's that the transferring Participant holds full and unencumbered legal title to the Units or funds the subject of the transfer; and
- (d) indemnifies and holds Market Operator and all other Participants harmless against any loss or damage suffered if the transferring Participant violates this guarantee.

1.3 At any time during the normal trading phase of the Market and in the one hour period following market close, a Participant may request Market Operator to transfer:

- (a) Units from the Unit Transition Account to the Participant's Registry Account; and
- (b) funds from the Participant's Market Bank Account to the Participant's Bank Account.

1.4 Following receipt of a request from a Participant under paragraph 1.3 of Procedure 6.1, subject to paragraph 1.5 of Procedure 6.1 and provided that the Units or funds the subject of the request are not also the subject of the Participant's Orders or OTC Trade Confirmation, Market Operator will process the requested transfer.

1.5 Market Operator will not transfer:

- (a) Units out of the Unit Transition Account; or
- (b) funds out of the Participant's Market Bank Account;

except in accordance with:

- (c) the Participant's instructions generated through the Participant's use of the Exchange; and/or
- (d) the Rules (and in particular Rules 5.4 and 5.5) and these Procedures.

- 1.6 Following market close on the last Business Day of each week (and, if required, during the evening prior to the first Business Day of each week), Market Operator will transfer all Units held in the Unit Transition Account to each Participant's Registry Account based on the total number and type of Products shown in each Participant's Exchange Product Account. At the end of this process the balance of the Unit Transition Account and each Participant's Exchange Product Account (in relation to Products the subject of this Annexure C) will be zero. This process is required in order to comply with Applicable Laws associated with the operation of the Unit Transition Account.
- 1.7 All of the transfers described in this paragraph 1 of Procedure 6.1 will be reflected on the Exchange in the relevant:
- (a) Participant's Exchange Product Account for Unit transfers; and
  - (b) Participant's Exchange Cash Account for funds transfers.
- 1.8 On the execution of each Transaction the Exchange:
- (a) Immediately updates the buying Participant's and selling Participant's:
    - (i) Participant's Exchange Product Account; and
    - (ii) Participant's Exchange Cash Account; and
  - (b) notifies both Participants that the abovementioned accounts have been updated.
- 1.9 On each Business Day:
- (a) the amount of funds the subject of each Transaction is settled in accordance with paragraph 2 of this Procedure 6.1 on a Transaction by Transaction basis; and
  - (b) the number and type of Units associated with the Products the subject of each Transaction are settled in accordance with paragraph 3 of this Procedure 6.1 on a netted end of day basis.

## 2. Settlement of the amount of funds the subject of Transactions

2.1 In this paragraph:

- (a) **Total Transaction Consideration** means the total amount payable by the buying Participant which comprises the Transaction Amount, the buying Participant's Transaction Fee and any applicable taxes;
- (b) **Transaction Amount** means the amount calculated by:
  - (i) multiplying the number of Units associated with the Products involved in the Transaction by the unit price for that Transaction; and
  - (ii) adding any applicable taxes;
- (c) **Transaction Fee** means:
  - (i) the fee specified in Part 1 of Annexure A as payable by the buying Participant in a Transaction; or
  - (ii) the fee specified in Part 1 of Annexure A as payable by the selling Participant in a Transaction.

- 2.2 If the Offer and Bid are Matched (or if the OTC Trade is Confirmed), the Exchange will transfer the amount of funds the subject of this executed Transaction as follows:
- (a) the transfer of the Total Transaction Consideration from the buying Participant's Market Bank Account to the Cash Settlement Account;
  - (b) the transfer of the Transaction Amount less the selling Participant's Transaction Fee (and any applicable taxes) from the Cash Settlement Account to the selling Participant's Market Bank Account; and
  - (c) the transfer of the Transaction Fees (and any applicable taxes) from the Cash Settlement Account to the Operations Bank Account.
3. Settlement of the number and type of Units associated with Products the subject of Transactions
- 3.1 After each market close, utilizing the Exchanges transaction log, Market Operator will determine the netted end of day positions of each Participant for each Product;
- 3.2 For each Product, utilizing the netted end of day position of each Participant on the last Business Day of each week, Market Operator will transfer the number and type of Units associated with the Products the subject of the netted end of day position of each Participant on the last Business Day of each week from the Unit Transition Account to the Participant's Registry Account (but only where the netted end of day position is greater than the start of day position).
4. Timing of Transfers
- 4.1 The instructions provided to each Participant's Representative in accordance with Rules 2.4 and 2.5 contain further detail regarding when the transfers referred to in this Procedure 6.1 will be:
- (a) reflected on the Exchange; and
  - (b) effected in the Participant's Market Bank Account, Participant's Registry Account, and Participant's Bank Account.