

- (b) comply with the Customer funds segregation requirements of Commission Regulations 1.20 through 1.30, 1.32 and 1.49;
 - (c) file with the Exchange and the Regulatory Service Provider, if any, a copy of any notice or written report that it is required to file with the Commission pursuant to Commission Regulations 1.10 or 1.12;
 - (d) comply with all applicable provisions of the CEA, Commission Regulations, and NFA Rules including, but not limited to, rules and regulations regarding registration, customer protection, risk management, supervision, reporting and recordkeeping; and
 - (e) comply with and adopt risk management requirements the same as, or more stringent than, the requirements contained in Commission Regulation 1.11.
- 3.4.3 A Participant that is registered with or authorized or supervised by a Governmental Authority shall comply with the rules and regulation of such Governmental Authority relating to minimum financial and related reporting and recordkeeping requirements and shall provide to the Exchange and to the Regulatory Service Provider, if any, a copy of such Participant’s regulatory capital report, reasonably contemporaneously with the filing of such report and substantially in the form such report was filed with such Governmental Authority. A Participant that is not subject to such filing requirements shall provide the Exchange with such financial information as the Exchange may require from time to time.
- 3.4.4 A Participant that is not registered with the CFTC, or registered with or authorized or supervised by a Governmental Authority other than the CFTC, shall submit to the Exchange upon request annual audited financial statements for the Participant or, if applicable, its parent company certified by a certified independent public accountant (or by a Person having similar qualifications if the Participant’s books of account are kept outside the United States) within ninety calendar days of the Participant’s fiscal year-end.

3.5 Requirements for Engaging in Physical Delivery of Environmental Products

- 3.5.1 All futures contracts on environmental products will settle through physical delivery if positions remain open at the end of the Last Trading Day. The seller, or its designee, is responsible for delivery through the designated registry associated with the Deliverable Product as defined in Appendix A. The delivery is processed between the parties per the rules of the Clearing House in accordance with CFTC Regulation 39.12(b)(7). The Deliverable Products are delivered between the parties. Nodal Exchange does not take possession of the Deliverable Products at any time.

3.5.2 All parties have the ability to trade the expiring contracts until the end of the Last Trading Day in order to close out any open positions to avoid physical delivery obligations upon expiration. For positions that remain open at the end of the Last Trading Day, parties will be required to physically deliver the Deliverable Product and to confirm to the Exchange that delivery has occurred.

3.5.23.5.3 All deliveries must conform to government regulations in force at the time of delivery. If any Governmental Authority issues an order, ruling, directive or law that conflicts with the requirements of these Rules, such order, ruling, directive or law shall be construed to take precedence, and all open and new contracts shall be subject to such order, ruling, directive or law.

3.6 Additional Requirements for Engaging in Physical Delivery for California Low Carbon Fuel Standard (“LCFS”), Oregon Clean Fuels Program (“Oregon CFP”), and Washington Clean Fuels Program (“Washington CFP”) Futures Contracts

3.6.1 The Exchange may establish such requirements and conditions for approval of eligible deliverers as it deems necessary. Parties wishing to engage in physical delivery of LCFS, or Oregon CFP, or Washington CFP, must meet the relevant eligibility criteria set forth below as well as those provided in the Participant Application to Physically Deliver on the respective contracts.

Eligible parties (i.e. buyers and sellers) must meet each criterion under items (a), through (d) and deliverers (i.e. sellers) must meet the additional criteria provided under item (e).

- (a) Must be a Participant of Nodal Exchange in good standing, and;
- (b) Must have an active California LCFS Reporting Tool and Credit Bank & Transfer System (LRT) account, an active Oregon CFP Online System account, or an active Washington Fuel Reporting System (WFRS) account. LRT, Oregon CFP Online System, or WFRS account information must be on file with the Exchange, and;
- (c) Must not be subject to ongoing California Air Resources Board (CARB), Oregon Department of Environmental Quality, or Washington Department of Ecology enforcement activities related to the generation or trade of LCFS, Oregon CFP, or Washington CFP credits, and;
- (d) Must agree to the California LCFS, Oregon CFP, or Washington CFP futures contracts post-delivery invalidation procedures as set forth in the Participant Application to Physically Deliver California LCFS, Oregon CFP, and Washington CFP Futures Contracts.