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## RULE SELF-CERTIFICATION

July 28, 2011

Office of the Secretary  
Commodity Futures Trading Commission  
Three Lafayette Center  
1155 21<sup>st</sup> St., N.W.  
Washington, D.C. 20581

Re: Green Exchange LLC  
Reference File: GX-2011-17

Ladies and Gentlemen:

Pursuant to Section 40.6 of the regulations (the "CFTC Rules") promulgated by the Commodity Futures Trading Commission (the "Commission") under the Commodity Exchange Act, as amended (the "Act"); Green Exchange LLC ("GreenX"), a designated contract market under the Act, hereby submits this self-certification for the following

1. GreenX is removing Rules 1505, 1509, 1601, 1602, 1603 and 1604 in their entirety to reflect the delisting of the GreenX NO<sub>x</sub> Seasonal and NO<sub>x</sub> Annual Emissions Allowance – Vintage 2012 Futures, and all SO<sub>2</sub> Emissions Allowance and SO<sub>2</sub> Emissions 25 Allowance Futures and Options contracts (the "Delisted Contracts") effective August 12, 2011. There is no open interest in any of the Delisted Contracts. The Delisted Contracts are set forth below.

| Contract Name   | ClearPort Code | Globex Code | Rule |
|---|----------------|-------------|------|
| NO <sub>x</sub> Seasonal Emissions Allowance - Vintage 2012 Futures | YM             | YMN         | 1505 |
| NO <sub>x</sub> Annual Emissions Allowance - Vintage 2012 Futures   | YR             | YRN         | 1509 |
| SO <sub>2</sub> Emission Allowance Futures                          | RS             | RSN         | 1603 |
| SO <sub>2</sub> Emission Allowance Option                           | AS             | RSX         | 1604 |
| SO <sub>2</sub> Emissions 25 Allowance - Non-Vintage Futures        | 09             | SNV         | 1601 |
| SO <sub>2</sub> Emissions 25 Allowance - Vintage 2009 Futures       | VAF            | VAF         | 1601 |



| Contract Name   | ClearPort Code | Globex Code | Rule |
|---|----------------|-------------|------|
| SO <sub>2</sub> Emissions 25 Allowance - Vintage 2010 Futures | 10             | V10         | 1601 |
| SO <sub>2</sub> Emissions 25 Allowance - Vintage 2011 Futures | 11             | V11         | 1601 |
| SO <sub>2</sub> Emissions 25 Allowance - Vintage 2012 Futures | 12             | V12         | 1601 |
| SO <sub>2</sub> Emissions 25 Allowance - Vintage 2013 Futures | 13             | V13         | 1601 |
| SO <sub>2</sub> Emissions 25 Allowance - Vintage 2014 Futures | 14             | V14         | 1601 |
| SO <sub>2</sub> Emissions 25 Allowance Option                 | S2             | S2X         | 1602 |

2. GreenX is amending Rule 535, the Position Limit, Position Accountability and Reportable Level Table, to delete references to the Delisted Contracts.

3. GreenX is amending Rule 543.G, the Non-Reviewable Ranges table, to delete references to the Delisted Contracts.

GreenX decided to delist the Delisted Contracts because on July 7, 2011, the US Environmental Protection Agency (EPA) released its final version of the air transport rule, the Cross-State Air Pollution Rule (CSAPR). The new rule significantly impacts the existing sulfur dioxide (SO<sub>2</sub>) and nitrogen oxide (NO<sub>x</sub>) markets.

CSAPR creates new annual and ozone season NO<sub>x</sub> compliance obligations beginning in 2012, replacing the Clean Air Interstate Rule (CAIR) annual and ozone season NO<sub>x</sub> programs. CSAPR also creates two new SO<sub>2</sub> allowance trading programs.

GreenX hereby certifies that the rule amendments comply with the Act and the CFTC Rules. The effective date of the rule amendments is August 12, 2011. There were no opposing views among GreenX's Board of Directors, Participants or market participants regarding the rule amendments. The text of the rule amendments, showing deletions and additions is attached as Exhibit A hereto.



If you have any further questions or comments about GreenX's actions, please contact me at 212-299-2510.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kari S. Larsen', written over a horizontal line.

Kari S. Larsen  
Chief Regulatory Officer / General  
Counsel

cc: Bella Rozenberg  
Marshall Horn  
Michael Philipp

Attachment

## EXHIBIT A

### RULE 535 Position Limit, Position Accountability and Reportable Level Table

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**Position Limit, Position Accountability and Reportable Level Table**

| Contract Name   | Rule | Commodity Code | All Month Accountability Level | Any One Month Accountability Level | Any/All Month Limit | Expiration Month Limit               | Reporting Level | Aggregate Into (1) |
|---|------|----------------|--------------------------------|------------------------------------|---------------------|--------------------------------------|-----------------|--------------------|
|   |      |                | Rule 533                       | Rule 533                           | Rule 532            | Rule 532                             | Rule 534        |                    |
| Emissions   |      |                |                                |                                    |                     |                                      |                 |                    |
| Annual NOX Emissions Allowance Vintage 2012 Futures   | 1509 | YR             | 3,500                          | 2,000                              |                     | 375 (Jan-Nov 2012)<br>250 (Dec 2012) | 25              | YR                 |
| Seasonal NOX Emissions Allowance Vintage 2012 Futures | 1505 | YM             | 2,000                          | 1,000                              |                     | 500                                  | 25              | YM                 |
| SO2 Emission Allowance Futures                        | 1603 | RS             | 17,500                         | 12,500                             |                     | 2,500                                | 25              | RS                 |
| SO2 Emission Allowance Option                         | 1604 | AS             | 17,500                         | 12,500                             |                     | 2,500                                | 25              | RS                 |
| SO2 Emission 25 Allowance Futures                     | 1601 | 09             | 17,500                         | 12,500                             |                     | 2,500                                | 25              | RS                 |
| SO2 Emission 25 Allowance Option                      | 1602 | S2             | 17,500                         | 12,500                             |                     | 2,500                                | 25              | RS                 |
| SO2 Emission 25 Allowance Futures 2009                | 1601 | VAF            | 17,500                         | 12,500                             |                     | 2,500                                | 25              | RS                 |
| SO2 Emission 25 Allowance Futures 2010                | 1601 | 10             | 17,500                         | 12,500                             |                     | 2,500                                | 25              | RS                 |
| SO2 Emission 25 Allowance Futures 2011                | 1601 | 11             | 17,500                         | 12,500                             |                     | 2,500                                | 25              | RS                 |
| SO2 Emission 25 Allowance Futures 2012                | 1601 | 12             | 17,500                         | 12,500                             |                     | 2,500                                | 25              | RS                 |
| SO2 Emission 25 Allowance Futures 2013                | 1601 | 13             | 17,500                         | 12,500                             |                     | 2,500                                | 25              | RS                 |
| SO2 Emission 25 Allowance Futures 2014                | 1601 | 14             | 17,500                         | 12,500                             |                     | 2,500                                | 25              | RS                 |

[Note: Contracts for which no changes have been made are omitted.]

### **RULE 543.G. Non-Reviewable Ranges**

| Futures Contract           | Non-Reviewable Range   |
|----------------------------|--|
| SO2 Emissions              | \$4.00 per allowance or less                                     |
| SO2 Emissions 25 Allowance | \$1.00 per allowance or less                                     |
| Options Contract           |  |
| SO2 Emission 25 Allowance  | 20% of the premium up to 1/4 the underlying non-reviewable range |

[Note: Contracts for which no changes have been made are omitted.]

**RULE 1505. ~~RESERVED. Seasonal NOx Emissions Allowance Vintage 2012 Futures~~**

**1505.01. ~~SCOPE~~**

~~The provisions of these rules shall apply to all Seasonal NOx emissions allowances vintage 2012 (or earlier vintages) bought or sold for future delivery on the Exchange with the Delivery at the U.S. Environmental Protection Agency's (EPA) NOx Allowance Management System (NAMS).~~

**1505.01A. ~~DEFINITIONS~~**

~~(a) "EPA" means the U.S. Environmental Protection Agency or any successor agency with similar jurisdiction.~~

~~(b) "Seasonal NOx Allowance" refers to a tradable permit to emit NOx from May 1 to September 30 in a given or subsequent calendar year under the Clean Air Interstate Rule (CAIR) Seasonal NOx Budget Trading Program as specified further by EPA.~~

~~(c) "NOx Allowance Management System" ("NAMS") means the system established by the EPA for recording the transfer of Allowances among various entities under the Clean Air Act as set.~~

~~(d) "Vintage Year" means the first calendar year for which the allowance may be utilized for compliance.~~

~~(e) The terms "Seller" and "Buyer" shall mean the short Clearing Member and the long Clearing Member, respectively.~~

~~(f) The terms "Seller's Customer" and "Buyer's Customer" shall mean the seller and buyer of the physical product or swap transaction.~~

~~(g) The term "Settlement Price" shall mean the final settlement price used as the price for delivery of the product, which shall be the settlement price for the last trading day of the expiring delivery month. The settlement price for the last day of the trading shall be determined in accordance with the procedures set forth in GreenX Rule 905.~~

**1505.02. ~~TIME REFERENCES~~**

~~For purposes of this Rule, unless otherwise specified, times referred to herein shall refer to and indicate the prevailing time in New York.~~

**1505.03. ~~CONTRACT UNIT~~**

~~The Contract unit shall be ten (10) allowances of Seasonal NOx emissions allowances vintage 2012 (or earlier vintages) for delivery made by transfer through NAMS.~~

**1505.04. ~~DELIVERY~~**

~~Emission allowance delivery shall comply with all requirements for the electronic transfer of Seasonal NOx allowances through the NOx Allowance Management System. All deliveries made under this Rule shall be final and there shall be no appeal.~~

**1505.05. ~~DELIVERY MONTHS~~**

~~Trading shall be conducted in Contracts providing for delivery in such periods as shall be determined by the Exchange.~~

**1505.06. ~~MINIMUM PRICE FLUCTUATIONS~~**

~~Prices shall be quoted in dollars per allowance. The minimum price fluctuation shall be \$25.00 per allowance (\$250.00 per Contract). There shall be no maximum price fluctuation.~~

**1505.07. ~~TERMINATION OF TRADING~~**

~~Trading in the current delivery month shall cease at termination of the third Business Day prior to the last Business Day of the contract month.~~

~~1505.08. ——— RESERVED~~

~~1505.09. ——— DELIVERY PROCEDURES~~

~~By transferring Seasonal NOX allowances to the Clearing House, the Seller represents and warrants that, at the time of delivery, it has good and marketable title to such Seasonal NOX allowances, and that such Seasonal NOX allowances are free and clear of all liens, security interests, claims, encumbrances and adverse claims. A Clearing Member that breaches its representation and warranty in this Rule 1505.09, shall be liable to the Clearing House and Exchange for their respective losses arising from such breach.~~

~~(a) ——— RESPONSIBILITIES OF CLEARING MEMBERS HAVING OPEN LONG POSITIONS~~

~~(i) ——— NOTICE OF INTENTION TO ACCEPT~~

~~By 11:30 a.m. on the second Business Day prior to the last Business Day of an expiring delivery month, a Buyer having an open position shall file with the Exchange a properly completed and signed Notice of Intention to Accept. The Notice of Intention to Accept shall be in the form prescribed by the Exchange and shall include the Name of the Buyer's Customer, Number of Contracts to be accepted, and any additional information as may be required by the Exchange.~~

~~By 4:00 p.m. on Notice Day, the Buyer shall provide the Seller with the following information: NAMS Account Number; Vintage Year; Name; Phone Number and e-mail address of the Account Representative (AAR) or the authorized alternate for that NAMS account.~~

~~(b) ——— RESPONSIBILITIES OF CLEARING MEMBERS HAVING OPEN SHORT POSITIONS~~

~~(i) ——— NOTICE OF INTENTION TO DELIVER~~

~~By 11:30 a.m. on the second Business Day prior to the last Business Day of an expiring delivery month, a Seller having an open short position shall file with the Exchange a properly completed and signed Notice of Intention to Deliver. The Notice of Intention to Deliver shall be in such form prescribed by the Exchange and shall include: Name of the Seller's Customer; Number of Contracts to be delivered; NAMS Account Number; Vintage Year; Name; Phone Number and e-mail address of the Account Representative (AAR) or the authorized alternate for that NAMS account, and any information as may be required by the Exchange.~~

~~(ii) ——— INFORMATION PROVIDED BY SELLER TO BUYER~~

~~By 4:00 p.m. on Notice Day, the Seller shall provide the Buyer with the following information: NAMS Account Number, Vintage Year, Name, Phone Number and e-mail address of the Account Representative (AAR) or the authorized alternate for that NAMS account.~~

~~(c) ——— USE OF SETTLEMENT PRICE: The final settlement price used for the delivery shall be the settlement price from the final day of trading.~~

~~(d) ——— Notice Day~~

~~(i) ——— The Clearing House shall allocate Notices of Intention to Deliver and Notices of Intention to Accept by matching size of positions, to the extent possible.~~

~~(ii) ——— The Clearing House shall provide Tender Allocation Notices to the respective Clearing Members by 2:00 p.m. on the second Business Day prior to the last Business Day of the delivery month.~~

~~(iii) ——— The day the Tender Allocation Notices are provided to the Clearing Members shall be referred to as "Notice Day". Tender Allocation Notices are not transferable.~~

~~1505.10. ——— DELIVERY PERIOD~~

~~Delivery shall take place on one Business Day prior to the last Business Day of the delivery month.~~

~~1505.11. ——— VALIDITY OF DOCUMENTS~~

~~The Exchange makes no representation respecting the authenticity, validity or accuracy of any Notice of Intention to Accept, Notice of Intention to Deliver, check or of any document or instrument delivered pursuant to these rules.~~

~~1505.12. ——— EXCHANGE OF FUTURES FOR RELATED POSITIONS~~

~~Any Exchange of Futures for Related Positions ("EFRP") shall be governed by the provisions of GreenX Rule 603.~~

~~An EFRP is permitted in the expiring futures contract until two hours after trading terminates on the last day of trading of the expiring futures contract.~~

~~1505.13. ——— ALTERNATIVE DELIVERY PROCEDURE~~

~~A Seller's Customer or Buyer's Customer may agree with the Buyer's Customer or the Seller's Customer with which it has been matched by the Exchange under Rule 1505.09(D) to make and take delivery under terms or conditions which differ from the terms and conditions prescribed by this Rule. In such a case, Clearing Members shall execute an Alternative Notice of Intention to Deliver on the form prescribed by the Exchange and shall deliver a completed executed copy of such Notice to the Clearing House. The delivery of an executed Alternative Notice of Intention to Deliver to the Clearing House shall release the Clearing Members and the Exchange from their respective obligations under the Exchange Contracts.~~

~~In executing such Alternative Notice of Intention to Deliver, Clearing Members shall indemnify the Exchange and the Clearing House against any liability, cost or expense it may incur for any reason as a result of the execution, delivery, or performance of such contracts or such agreement, or any breach thereof or default there under. Upon receipt of an executed Alternative Notice of Intention to Deliver, the Clearing House will return to the Clearing Members all margin monies held for the account of each with respect to the Contracts involved.~~

~~1505.14. ——— FORCE MAJEURE, LATE PERFORMANCE AND FAILURE TO PERFORM~~

~~(a) ——— DEFINITION. As used in this Rule 1505.14, the following terms, as well as variations thereof, shall have the meaning described below.~~

~~(i) ——— "Late Performance" shall mean the failure of a Buyer or a Seller to complete a material act with respect to a delivery obligation imposed by, and within the time period established in, this Rule. Late Performance shall be restricted to three Business Days. Late Performance beyond three Business Days by, a Seller or a Buyer will be deemed a Failure to Perform.~~

~~(ii) ——— "Day of Late Performance" shall mean the twenty-four hour period commencing immediately after a Buyer, a Seller, or the Clearing House was to have performed. Each subsequent Day of Late Performance shall commence twenty-four hours after the beginning of the prior Day of Late Performance. When a Party is late in performance, the day when the act was to have performed shall be a Day of Late Performance.~~

~~(iii) ——— "Failure to Perform" shall mean the failure of a Buyer or a Seller to complete a material act with respect to a delivery obligation prior to the expiration of the period allowed for the late performance of such act.~~

~~(iv) ——— "Contract Value" shall mean the amount equal to the settlement price on the last day of trading in a Futures Contract times 10 (the number of allowances per Contract) times the number of Contracts to be delivered.~~

~~(v) ——— "Party" shall mean a Buyer or Seller and such Buyer and Seller are each responsible to the Exchange for their obligations under these Rules and further responsible to the Exchange for the obligations of their respective customers under this Rule.~~

~~(B) ——— "Other Party" shall mean the corresponding Buyer when the Seller is late in performance or has failed to perform and the corresponding Seller when the Buyer is late in performance or has failed to perform.~~

(vi) — ~~“Force Majeure” shall mean any circumstance (including but not limited to a strike, lockout, national emergency, governmental action, registry failure or act of God) which is beyond the control of such Buyer or Seller, and which prevents the Buyer or Seller from making or taking delivery of product when and as provided for in these Rules.~~

(b) — ~~RESPONSIBILITIES OF PARTIES TO THE DELIVERY~~

(i) — ~~The parties to a delivery shall make commercially reasonable efforts to perform their respective delivery obligations at all times until a Party has failed to perform.~~

(ii) — ~~A Party which has failed to perform its obligations may no longer perform such obligations; provided, however, that a Buyer which has failed to make a payment shall make such payment.~~

(c) — ~~EMISSIONS ALLOWANCE DELIVERY COMMITTEE~~

(i) — ~~Force Majeure, Late Performance and Failure to Perform shall be determined by a Panel of the Emissions Allowance Delivery Committee as set forth below. The Chairman of the Emissions Allowance Delivery Committee shall appoint a Panel, which shall consist of three (3) members of the Committee, to review a delivery:~~

(A) — ~~When the Chairman of the Emissions Allowance Delivery Committee is advised by the Chief Executive Officer or any person designated by the Chief Executive Officer that it appears that the performance of a Party to the delivery is late;~~

(B) — ~~Upon the written request of both the Buyer and the Seller;~~

(C) — ~~When the Chief Executive Officer or any person designated by the Chief Executive Officer requests such appointment; or~~

(D) — ~~When either Party to the delivery notifies the Exchange that circumstances exist constituting Force Majeure.~~

(ii) — ~~The Chairman of the Emissions Allowance Delivery Committee shall not appoint to any Panel any person who has a direct or indirect interest in the delivery in question. Any Panel so appointed shall retain jurisdiction over the delivery in question until the delivery has been completed or a Party has been found to have failed to perform such delivery. The general counsel of the Exchange, or its designee, shall serve as advisor to the Panel.~~

(iii) — ~~The Panel shall meet within one Business Day of notification as provided in these Rules. Unless good cause for delay exists, within one Business Day the Panel shall determine whether Force Majeure exists, whether a Buyer or Seller is late in performing or has failed to perform its obligations as provided in this Rule, and advise the Regulatory Oversight Department of such determination, and its findings in support thereof immediately. The Panel shall cause its determination to be communicated to the parties to the delivery as expeditiously as possible.~~

(iv) — ~~Upon a finding of Force Majeure, the Panel may take any one or combination of the following actions as it deems suitable order: an extension of time not to exceed ten days from the date of the scheduled delivery; or, refer the delivery to the Exchange, represented by the Regulatory Oversight Department, for emergency action as provided in Exchange Rules.~~

(d) — ~~EXCHANGE ACTION~~

(i) — ~~Whenever a Buyer or a Seller is found by the Panel to be late in the performance of a delivery obligation, the Exchange, represented by the Regulatory Oversight Department, shall issue a Notice of Assessment, assessing a penalty of 10% of Contract value for each applicable day of Late Performance.~~

(ii) — ~~Whenever a Buyer or Seller is found by the Panel or otherwise deemed to have a “Failure to Perform” the Exchange, represented by the Regulatory Oversight Department shall issue a Notice of Assessment assessing penalties of twenty percent (20%) of the Contract value, in addition to any penalties assessed pursuant to subparagraph (1) above, to be paid to the Exchange.~~

(iii) — ~~A Party may appeal a Notice of Assessment by filing a Notice of Appeal with the Disciplinary Panel and by serving a copy of the same on the Exchange's Regulatory Oversight Department, within two Business Days of receipt of the Notice of Assessment from the Regulatory Oversight Department.~~



The Party filing the appeal ("Appellant") shall file, within twenty (20) days after filing the Notice of Appeal, a Memorandum of Appeal setting forth the factual and legal basis for the appeal. The Memorandum of Appeal must be filed with the Hearing Registrar and a copy of the same served upon the Chief Regulatory Officer.

(B) — The Regulatory Oversight Department may file with the Appellant and Hearing Registrar an Answering Memorandum to the Memorandum of Appeal within ten (10) days of receipt of that memorandum.

(C) — Failure by the Party to file a Notice of Appeal or a Memorandum of Appeal with the time specified in subsection (d)(iii)(A) of this Rule shall constitute a waiver, and the penalties set forth in the Notice of Assessment shall be paid within five days to the Exchange. Failure to pay such penalties in accordance with this Rule shall subject the party to the sanctions set forth in Chapter 7. In the event a party fails to Appeal, or waives the opportunity to appeal a Notice of Assessment, the Assessment and findings of the Emissions Allowance Delivery Committee shall constitute a final disciplinary action of the Exchange.

(iv) — Within ten (10) days after receipt of Regulatory Oversight Department's reply, the Appellant shall be entitled to examine all books, documents and other tangible evidence in possession or under the control of the Exchange that are to be relied on by Regulatory Oversight Department or are otherwise relevant to the matter.

(v) — In the event of an appeal by a Party, the Chief Executive Officer, or his designee, shall appoint an Assessment Appeal Panel to hear and decide the appeal. No member of the Panel may have a direct or indirect interest in the matter under the appeal. Each Panel Member shall disclose to the Chief Executive Officer, or his designee, any such interest which might preclude such Panel Member from rendering a fair and impartial determination. The formal Rules of Evidence shall not apply to such appeal, and the Panel shall be the sole judge with respect to the evidence presented to it. Exchange outside counsel shall advise the Panel.

(vi) — The procedures for the hearing of the appeal before the Assessment Appeal Panel shall be as follows:

(A) — At a date to be set by order of the Panel, and prior to such hearing, the Appellant and the Regulatory Oversight Department shall furnish each other with a list of witnesses expected to be called at the hearing, and a list of documents and copies thereof expected to be introduced at the hearing.

(B) — At such hearing: The Appellant may appear personally and may be represented by counsel or other representative of his choice at the appeal.

(C) — The Regulatory Oversight Department shall be entitled to offer evidence relating to the delivery and shall be entitled to call witnesses and introduce documents in support thereof. It shall be the burden of the Regulatory Oversight Department to demonstrate, by the weight of the evidence, the appropriateness of the sanction set forth in the Notice of Assessment.

(D) — The Appellant shall be entitled to rebut the Regulatory Oversight Department's evidence and shall be entitled to call witnesses and introduce documents in support thereof.

(E) — The Regulatory Oversight Department and the Appellant shall be entitled to cross-examine any witness called by the opposing Party at the hearing.

(F) — The Notice of Assessment, the Notice of Appeal, the Memorandum of Appeal, any Answering Memorandum, the stenographic transcript of the appeal, any documentary evidence or other material presented to and accepted by the Panel shall constitute the record of the hearing. The decision of the Panel shall be based upon the record of the hearing.

(G) — The Panel shall have the power to impose a penalty against any person who is within the jurisdiction of the Exchange and whose actions impede the progress of a hearing.

~~(H) — The Assessment Appeal Panel shall issue a written decision in which it may affirm, reduce, or waive the charges assessed against the Appellant and shall state the reasons therefore.~~

~~(I) — The decision of the Assessment Appeal Panel shall be a final decision of the Exchange and shall constitute a final disciplinary action of the Exchange. The fine is payable on the effective day of the decision or as specified. The effective day shall be fifteen (15) days after a copy of the written decision has been delivered to the appellant and to the CFTC.~~

~~(vii) — The Assessment Appeal Panel shall consider, and make recommendations to the Chief Executive Officer, or his designee concerning acceptance or rejection of, any offer of settlement submitted by Appellant. In the case of an offer of settlement, acceptance by the Chief Executive Officer shall constitute the final disciplinary action of the Exchange.~~

~~(e) — ARBITRATION PROCEDURE~~

~~(i) — Any claim for damages arising between a Buyer and a Seller as a result of a delivery pursuant to this Contract shall be settled by arbitration in accordance with these Rules.~~

~~(ii) — Notice of Intent to Arbitrate must be submitted to the Secretary of the Exchange within three Business Days of the occurrence upon which the claim is based or the decision of the Emissions Allowance Delivery Committee with respect to a late or failed performance. Failure to submit a Notice of Intent to Arbitrate within the prescribed period will be deemed a waiver of a Party's rights to arbitrate such a delivery dispute under the special or Regular Arbitration Rules.~~

~~(iii) — The Arbitration will be governed by Chapter 8 of the GreenX Rules except that the Chief Executive Officer or his designee shall appoint an Arbitration Panel.~~

**RULE 1509. ~~RESERVED.~~ Annual NOx Emissions Allowance Vintage 2012 Futures**

**1509.01. ~~SCOPE~~**

The provisions of these rules shall apply to all Annual NOx emissions allowances vintage 2012 (or earlier vintages) bought or sold for future delivery on the Exchange with the Delivery at the U.S. Environmental Protection Agency's (EPA) NOx Allowance Management System (NAMS).

**1509.01A. ~~DEFINITIONS~~**

(a) ~~“EPA” means the U.S. Environmental Protection Agency or any successor agency with similar jurisdiction.~~

(b) ~~“Annual NOx Allowance” refers to a tradable permit to emit NOx from January 1 to December 31 in a given or subsequent calendar year under the Clean Air Interstate Rule (CAIR) Annual NOx Budget Trading Program as specified further by EPA.~~

(c) ~~“NOx Allowance Management System” (“NAMS”) means the system established by the EPA for recording the transfer of Allowances among various entities under the Clean Air Act as set.~~

(d) ~~“Vintage Year” means the first calendar year for which the allowance may be utilized for compliance.~~

(e) ~~The terms “Seller” and “Buyer” shall mean the short Clearing Member and the long Clearing Member, respectively.~~

(f) ~~The terms “Seller’s Customer” and “Buyer’s Customer” shall mean the seller and buyer of the physical product or swap transaction.~~

(g) ~~The term “Settlement Price” shall mean the final settlement price used as the price for delivery of the product, which shall be the settlement price for the last trading day of the expiring delivery month. The settlement price for the last day of the trading shall be determined in accordance with the procedures set forth in GreenX Rule 905.~~

**1509.02. ~~TIME REFERENCES~~**

For purposes of this Rule, unless otherwise specified, times referred to herein shall refer to and indicate the prevailing time in New York.

**1509.03. ~~CONTRACT UNIT~~**

The Contract unit shall be ten (10) allowances of Annual NOx emissions allowances vintage 2012 (or earlier vintages) for delivery made by transfer through NAMS.

**1509.04. ~~DELIVERY~~**

Emission allowance delivery shall comply with all requirements for the electronic transfer of Annual NOx allowances through the NOx Allowance Management System. All deliveries made under this Rule shall be final and there shall be no appeal.

**1509.05. ~~DELIVERY MONTHS~~**

Trading shall be conducted in Contracts providing for delivery in such periods as shall be determined by the Exchange.

**1509.06. ~~MINIMUM PRICE FLUCTUATIONS~~**

Prices shall be quoted in dollars per allowance. The minimum price fluctuation shall be \$25.00 per allowance (\$250.00 per Contract). There shall be no maximum price fluctuation.

**1509.07. ~~TERMINATION OF TRADING~~**

Trading in the current delivery month shall cease at termination of the third Business Day prior to the last Business Day of the contract month.

~~1509.08. ——— RESERVED~~

~~1509.09. ——— DELIVERY PROCEDURES~~

~~By transferring Annual NOX allowances to the Clearing House, the Seller represents and warrants that, at the time of delivery, it has good and marketable title to such Annual NOX allowances, and that such Annual NOX allowances are free and clear of all liens, security interests, claims, encumbrances and adverse claims. A Clearing Member that breaches its representation and warranty in this Rule 1509.09, shall be liable to the Clearing House and Exchange for their respective losses arising from such breach.~~

~~(a) ——— RESPONSIBILITIES OF CLEARING MEMBERS HAVING OPEN LONG POSITIONS~~

~~(i) ——— NOTICE OF INTENTION TO ACCEPT~~

~~By 11:30 a.m. on the second Business Day prior to the last Business Day of an expiring delivery month, a Buyer having an open position shall file with the Exchange a properly completed and signed Notice of Intention to Accept. The Notice of Intention to Accept shall be in the form prescribed by the Exchange and shall include the Name of the Buyer's Customer, Number of Contracts to be accepted, and any additional information as may be required by the Exchange.~~

~~By 4:00 p.m. on Notice Day, the Buyer shall provide the Seller with the following information: NAMS Account Number; Vintage Year; Name; Phone Number and e-mail address of the Account Representative (AAR) or the authorized alternate for that NAMS account.~~

~~(b) ——— RESPONSIBILITIES OF CLEARING MEMBERS HAVING OPEN SHORT POSITIONS~~

~~(i) ——— NOTICE OF INTENTION TO DELIVER~~

~~By 11:30 a.m. on the second Business Day prior to the last Business Day of an expiring delivery month, a Seller having an open short position shall file with the Exchange a properly completed and signed Notice of Intention to Deliver. The Notice of Intention to Deliver shall be in such form prescribed by the Exchange and shall include: Name of the Seller's Customer; Number of Contracts to be delivered; NAMS Account Number; Vintage Year; Name; Phone Number and e-mail address of the Account Representative (AAR) or the authorized alternate for that NAMS account, and any information as may be required by the Exchange.~~

~~(ii) ——— INFORMATION PROVIDED BY SELLER TO BUYER~~

~~By 4:00 p.m. on Notice Day, the Seller shall provide the Buyer with the following information: NAMS Account Number, Vintage Year, Name, Phone Number and e-mail address of the Account Representative (AAR) or the authorized alternate for that NAMS account.~~

~~(c) ——— USE OF SETTLEMENT PRICE: The final settlement price used for the delivery shall be the settlement price from the final day of trading.~~

~~(d) ——— Notice Day~~

~~(i) ——— The Clearing House shall allocate Notices of Intention to Deliver and Notices of Intention to Accept by matching size of positions, to the extent possible.~~

~~(ii) ——— The Clearing House shall provide Tender Allocation Notices to the respective Clearing Members by 2:00 p.m. on the second Business Day prior to the last Business Day of the delivery month.~~

~~(iii) ——— The day the Tender Allocation Notices are provided to the Clearing Members shall be referred to as "Notice Day". Tender Allocation Notices are not transferable.~~

~~(e) ——— Payment and Delivery Margins~~

~~(i) ——— Definitions~~

~~(A) ——— "Payment" shall include the settlement price times the number of Contracts times~~

~~10.~~

(B) — ~~“Payment Date” shall mean the Business Day after the Buyer’s Customer receipt of proper notification from the NAMS that allowances have been transferred from the Seller’s Customer account to the Buyer’s Customer account, provided documentation is supplied to the Buyer’s Customer by no later than 2:00 p.m. Documentation supplied to Buyer after 2:00 noon on any Exchange Business Day, shall be considered received on the following Exchange Business Day.~~

(C) — ~~On the Business Day following the last day of trading, the long Clearing Member shall obtain from the long, if any, margin equal to the full value of the product to be delivered. Such margin shall consist of cash, securities issued by the United States Treasury Department maturing within ten (10) years from the date of deposit and guaranteed as to principal and interest by the United States Government or a letter of credit. Any Treasury securities so deposited shall be valued at ninety percent (90%) of the par value of such instruments. Any letter of credit so deposited shall be in a form approved by the Exchange, shall be issued or confirmed by an Exchange approved original margin depository, and shall be drawn in favor of the Clearing House.~~

(D) — ~~The Buyer shall pay the Seller at the office of the Seller by a certified check or electronic funds transfer, or any other method acceptable to both parties by 12:00 p.m. on the payment date.~~

(E) — ~~The Buyer and Seller shall deposit with the Clearing House margins in such amounts and in such form as required by the Clearing House. Such margins, which shall not be greater than the margins charged to the Buyer’s Customer and Seller’s Customer, shall be returned on the Business Day following notification to the Exchange that delivery and payment have been completed.~~

(F) — ~~On the Payment Date, The Seller shall deliver a Notice of Payment to the Buyer with a copy to the Exchange by 4:30 p.m. Upon receipt of such notice the delivery shall be complete.~~

(G) — ~~Any payment made on Payment Date shall be based on allowances actually delivered.~~

(f) — ~~Delivery Day~~

~~The day the Buyer’s customer receives the allowances shall be referred to as the Delivery Day.~~

#### ~~1509.10. DELIVERY PERIOD~~

~~Delivery shall take place on one Business Day prior to the last Business Day of the delivery month.~~

#### ~~1509.11. VALIDITY OF DOCUMENTS~~

~~The Exchange makes no representation respecting the authenticity, validity or accuracy of any Notice of Intention to Accept, Notice of Intention to Deliver, check or of any document or instrument delivered pursuant to these rules.~~

#### ~~1509.12. EXCHANGE OF FUTURES FOR RELATED POSITIONS~~

~~Any Exchange of Futures for Related Positions (“EFRP”) shall be governed by the provisions of GreenX Rule 603.~~

~~An EFRP is permitted in the expiring futures contract until two hours after trading terminates on the last day of trading of the expiring futures contract.~~

#### ~~1509.13. ALTERNATIVE DELIVERY PROCEDURE~~

~~A Seller’s Customer or Buyer’s Customer may agree with the Buyer’s Customer or the Seller’s Customer with which it has been matched by the Exchange under Rule 1507.09(D) to make and take delivery under terms or conditions which differ from the terms and conditions prescribed by this Rule. In such a case, Clearing Members shall execute an Alternative Notice of Intention to Deliver on the form prescribed by the Exchange and shall deliver a completed executed copy of such Notice to the Clearing House. The delivery of an executed Alternative Notice of Intention to Deliver to the Clearing House shall release the Clearing Members and the Exchange from their respective obligations under the Exchange Contracts.~~

In executing such Alternative Notice of Intention to Deliver, Clearing Members shall indemnify the Exchange and the Clearing House against any liability, cost or expense it may incur for any reason as a result of the execution, delivery, or performance of such contracts or such agreement, or any breach thereof or default there under. Upon receipt of an executed Alternative Notice of Intention to Deliver, the Clearing House will return to the Clearing Members all margin monies held for the account of each with respect to the Contracts involved.

~~1509.14. FORCE MAJEURE, LATE PERFORMANCE AND FAILURE TO PERFORM~~

~~(a) DEFINITION. As used in this Rule 1507.14, the following terms, as well as variations thereof, shall have the meaning described below.~~

~~(i) "Late Performance" means the failure of a Buyer or a Seller to complete a material act with respect to a delivery obligation imposed by, and within the time period established in, this Rule. Late Performance shall be restricted to three Business Days.~~

~~(ii) "Day of Late Performance" shall mean the twenty four hour period commencing immediately after a Buyer, a Seller, or the Clearing House was to have performed. Each subsequent Day of Late Performance shall commence twenty four hours after the beginning of the prior Day of Late Performance. When a Party is late in performance, the day when the act was to have performed shall be a Day of Late Performance.~~

~~(iii) "Failure to Perform" shall mean the failure of a Buyer or a Seller to complete a material act with respect to a delivery obligation prior to the expiration of the period allowed for the late performance of such act.~~

~~(iv) "Contract Value" shall mean the amount equal to the settlement price on the last day of trading in a Futures Contract times 10 (the number of allowances per Contract) times the number of Contracts to be delivered.~~

~~(v) "Party" shall mean a Buyer or Seller and such Buyer and Seller are each responsible to the Exchange for their obligations under these Rules and further responsible to the Exchange for the obligations of their respective customers under this Rule.~~

~~(B) "Other Party" shall mean the corresponding Buyer when the Seller is late in performance or has failed to perform and the corresponding Seller when the Buyer is late in performance or has failed to perform.~~

~~(vi) "Day of Late Performance" means the twenty four hour period commencing twelve hours after a Buyer or a Seller was to have performed, provided however, with respect to the obligations of~~

~~(vii) "Force Majeure" shall mean any circumstance (including but not limited to a strike, lookout, national emergency, governmental action, registry failure or act of God) which is beyond the control of such Buyer or Seller, and which prevents the Buyer or Seller from making or taking delivery of product when and as provided for in these Rules.~~

~~(b) RESPONSIBILITIES OF PARTIES TO THE DELIVERY~~

~~(i) The parties to a delivery shall make commercially reasonable efforts to perform their respective delivery obligations at all times until a Party has failed to perform.~~

~~(ii) A Party which has failed to perform its obligations may no longer perform such obligations; provided, however, that a Buyer which has failed to make a payment shall make such payment.~~

~~(c) EMISSIONS ALLOWANCE DELIVERY COMMITTEE~~

~~(i) Force Majeure, Late Performance and Failure to Perform shall be determined by a Panel of the Emissions Allowance Delivery Committee as set forth below. The Chairman of the Emissions Allowance Delivery Committee shall appoint a Panel, which shall consist of three (3) members of the Committee, to review a delivery:~~

~~(A) When the Chairman of the Emissions Allowance Delivery Committee is advised by the Chief Executive Officer or any person designated by the Chief Executive Officer that it appears that the performance of a Party to the delivery is late;~~

~~(B) — Upon the written request of both the Buyer and the Seller;~~

~~(C) — When the Chief Executive Officer or any person designated by the Chief Executive Officer requests such appointment; or~~

~~(D) — When either Party to the delivery notifies the Exchange that circumstances exist constituting Force Majeure.~~

~~(ii) — The Chairman of the Emissions Allowance Delivery Committee shall not appoint to any Panel any person who has a direct or indirect interest in the delivery in question. Any Panel so appointed shall retain jurisdiction over the delivery in question until the delivery has been completed or a Party has been found to have failed to perform such delivery. The general counsel of the Exchange, or its designee, shall serve as advisor to the Panel.~~

~~(iii) — The Panel shall meet within one Business Day of notification as provided in these Rules. Unless good cause for delay exists, within one Business Day the Panel shall determine whether Force Majeure exists, whether a Buyer or Seller is late in performing or has failed to perform its obligations as provided in this Rule, and advise the Regulatory Oversight Department of such determination, and its findings in support thereof immediately. The Panel shall cause its determination to be communicated to the parties to the delivery as expeditiously as possible.~~

~~(iv) — Upon a finding of Force Majeure, the Panel may take any one or combination of the following actions as it deems suitable order: an extension of time not to exceed ten days from the date of the scheduled delivery; or, refer the delivery to the Exchange, represented by the Regulatory Oversight Department, for emergency action as provided in Exchange Rules.~~

~~(d) — EXCHANGE ACTION~~

~~(i) — Whenever a Buyer or a Seller is found by the Panel to be late in the performance of a delivery obligation, the Exchange, represented by the Regulatory Oversight Department, shall issue a Notice of Assessment, assessing a penalty of 10% of Contract value for each applicable day of Late Performance.~~

~~(ii) — Whenever a Buyer or Seller is found by the Panel or otherwise deemed to have a “Failure to Perform” the Exchange, represented by the Regulatory Oversight Department shall issue a Notice of Assessment assessing penalties of twenty percent (20%) of the Contract value, in addition to any penalties assessed pursuant to subparagraph (1) above, to be paid to the Exchange.~~

~~(iii) — A Party may appeal a Notice of Assessment by filing a Notice of Appeal with the Disciplinary Panel and by serving a copy of the same on the Exchange's Regulatory Oversight Department, within two Business Days of receipt of the Notice of Assessment from the Regulatory Oversight Department. The Party filing the appeal (“Appellant”) shall file, within twenty (20) days after filing the Notice of Appeal, a Memorandum of Appeal setting forth the factual and legal basis for the appeal. The Memorandum of Appeal must be filed with the Hearing Registrar and a copy of the same served upon the Chief Regulatory Officer.~~

~~(B) — The Regulatory Oversight Department may file with the Appellant and Hearing Registrar an Answering Memorandum to the Memorandum of Appeal within ten (10) days of receipt of that memorandum.~~

~~(C) — Failure by the Party to file a Notice of Appeal or a Memorandum of Appeal with the time specified in subsection (d)(iii)(A) of this Rule shall constitute a waiver, and the penalties set forth in the Notice of Assessment shall be paid within five days to the Exchange. Failure to pay such penalties in accordance with this Rule shall subject the party to the sanctions set forth in Chapter 7. In the event a party fails to Appeal, or waives the opportunity to appeal a Notice of Assessment, the Assessment and findings of the Emissions Allowance Delivery Committee shall constitute a final disciplinary action of the Exchange.~~

~~(iv) — Within ten (10) days after receipt of Regulatory Oversight Department's reply, the Appellant shall be entitled to examine all books, documents and other tangible evidence in possession or under the control of the Exchange that are to be relied on by Regulatory Oversight Department or are otherwise relevant to the matter.~~

(v) — In the event of an appeal by a Party, the Chief Executive Officer, or his designee, shall appoint an Assessment Appeal Panel to hear and decide the appeal. No member of the Panel may have a direct or indirect interest in the matter under the appeal. Each Panel Member shall disclose to the Chief Executive Officer, or his designee, any such interest which might preclude such Panel Member from rendering a fair and impartial determination. The formal Rules of Evidence shall not apply to such appeal, and the Panel shall be the sole judge with respect to the evidence presented to it. Exchange outside counsel shall advise the Panel.

(vi) — The procedures for the hearing of the appeal before the Assessment Appeal Panel shall be as follows:

(A) — At a date to be set by order of the Panel, and prior to such hearing, the Appellant and the Regulatory Oversight Department shall furnish each other with a list of witnesses expected to be called at the hearing, and a list of documents and copies thereof expected to be introduced at the hearing.

(B) — At such hearing: The Appellant may appear personally and may be represented by counsel or other representative of his choice at the appeal.

(C) — The Regulatory Oversight Department shall be entitled to offer evidence relating to the delivery and shall be entitled to call witnesses and introduce documents in support thereof. It shall be the burden of the Regulatory Oversight Department to demonstrate, by the weight of the evidence, the appropriateness of the sanction set forth in the Notice of Assessment.

(D) — The Appellant shall be entitled to rebut the Regulatory Oversight Department's evidence and shall be entitled to call witnesses and introduce documents in support thereof.

(E) — The Regulatory Oversight Department and the Appellant shall be entitled to cross-examine any witness called by the opposing Party at the hearing.

(F) — The Notice of Assessment, the Notice of Appeal, the Memorandum of Appeal, any Answering Memorandum, the stenographic transcript of the appeal, any documentary evidence or other material presented to and accepted by the Panel shall constitute the record of the hearing. The decision of the Panel shall be based upon the record of the hearing.

(G) — The Panel shall have the power to impose a penalty against any person who is within the jurisdiction of the Exchange and whose actions impede the progress of a hearing.

(H) — The Assessment Appeal Panel shall issue a written decision in which it may affirm, reduce, or waive the charges assessed against the Appellant and shall state the reasons therefore.

(I) — The decision of the Assessment Appeal Panel shall be a final decision of the Exchange and shall constitute a final disciplinary action of the Exchange. The fine is payable on the effective day of the decision or as specified. The effective day shall be fifteen (15) days after a copy of the written decision has been delivered to the appellant and to the CFTC.

(vii) — The Assessment Appeal Panel shall consider, and make recommendations to the Chief Executive Officer, or his designee concerning acceptance or rejection of, any offer of settlement submitted by Appellant. In the case of an offer of settlement, acceptance by the Chief Executive Officer shall constitute the final disciplinary action of the Exchange.

(e) — ARBITRATION PROCEDURE

(i) — Any claim for damages arising between a Buyer and a Seller as a result of a delivery pursuant to this Contract shall be settled by arbitration in accordance with these Rules.

(ii) — Notice of Intent to Arbitrate must be submitted to the Secretary of the Exchange within three Business Days of the occurrence upon which the claim is based or the decision of the Emissions Allowance Delivery Committee with respect to a late or failed performance. Failure to submit a Notice of Intent to Arbitrate within the prescribed period will be deemed a waiver of a Party's rights to arbitrate such a delivery dispute under the special or Regular Arbitration Rules.



~~(iii) — The Arbitration will be governed by Chapter 8 of the GreenX Rules except that the Chief Executive Officer or his designee shall appoint an Arbitration Panel.~~

**CHAPTER 16**  
**RESERVED SO2 EMISSION ALLOWANCE CONTRACT SPECIFICATIONS**

**~~RULE 1601. — SO2 Emission 25 Allowance Futures~~**

**~~1601.01. — SCOPE~~**

~~The provisions of these rules shall apply to all SO2 emission allowances bought or sold for future delivery on the Exchange with the delivery at the U.S. Environmental Protection Agency's (EPA) Allowance Management System (AMS).~~

**~~1601.01A. — DEFINITIONS~~**

~~(a) — “EPA” means the U.S. Environmental Protection Agency or any successor agency with similar jurisdiction.~~

~~(b) — “SO2 Emission Allowance” refers to a tradable permit to emit SO2 as specified further by EPA.~~

~~(c) — “SO2 Allowance Management System” (“AMS”) means the system established by the EPA for recording the transfer of Allowances among various entities under the Clean Air Act as set.~~

~~(d) — “Vintage Year” means the first calendar year for which the allowance may be utilized for compliance.~~

~~(e) — “The Clean Air Markets Division (CAMD) Business System” is the EPA's electronic platform for recording information submitted by regulated entities and other Program participants, including the electronic transfer of allowances between accounts.~~

~~(f) — The terms “Seller” and “Buyer” shall mean the short Clearing Member and the long Clearing Member, respectively.~~

~~(g) — The terms “Seller’s Customer” and “Buyer’s Customer” shall mean the seller and buyer of the physical product or swap transaction.~~

~~(h) — The term “Settlement Price” shall mean the final settlement price used as the price for delivery of the product, which shall be the settlement price for the last trading day of the expiring delivery month. The settlement price for the last day of the trading shall be determined in accordance with the procedures set forth in GreenX Rule 905.~~

**~~1601.02. — TIME REFERENCES~~**

~~For purposes of this Rule 1601, unless otherwise specified, times referred to herein shall refer to and indicate the prevailing time in New York.~~

**~~1601.03. — CONTRACT UNIT~~**

~~The Contract unit shall be twenty five (25) SO2 emission allowances for delivery made by transfer through AMS.~~

**~~1601.04. — DELIVERABLE ALLOWANCES~~**

~~(a) — Contracts without a specified vintage year~~

~~(i) — For March through December Contract terminations, SO2 emission allowances acceptable for delivery are allowances with either a vintage corresponding to the calendar year of the terminating contract month or a vintage of any year prior to the calendar year of the terminating contract month.~~

~~(ii) — For January and February Contract terminations, SO2 emission allowances acceptable for delivery are allowances with a vintage of any year prior to the calendar year of the terminating contract month.~~

~~(b) — Contracts with a specified vintage year~~

SO2 emission allowances acceptable for delivery are allowances with a vintage corresponding to the specific vintage year of the terminating contract month or a vintage of any year prior to the specified vintage year of the terminating contract month.

~~1601.05. DELIVERY~~

~~SO2 Emission allowance delivery shall comply with all the requirements for the electronic transfer of SO2 emission allowances on the AMS through CAMD Business System. All deliveries made under this Rule shall be final and there shall be no appeal.~~

~~1601.06. DELIVERY MONTHS AND CONTRACT VINTAGES~~

~~Trading shall be conducted in Contracts providing for delivery of SO2 emission allowances with and without specified vintage years in such months as shall be determined by the Exchange.~~

~~1601.07. MINIMUM PRICE FLUCTUATIONS~~

~~Prices shall be quoted in dollars and cents per allowance. The minimum price fluctuation shall be \$0.10 per SO2 emission allowance (\$2.50 per Contract). There shall be no maximum price fluctuation.~~

~~1601.08. TERMINATION OF TRADING~~

~~With the exception of February Contracts, trading in the current delivery month shall cease on the last Business Day of the contract month. Trading in the February Contracts shall cease on the third to last Business Day of the expiring contract month.~~

~~Trading in the February Contracts shall cease on the third to last Business Day of the expiring contract month.~~

~~1601.09. RESERVED~~

~~1601.10. DELIVERY PROCEDURES~~

~~By transferring SO2 emission allowances to the Clearing House, the Seller represents and warrants that, at the time of delivery, it has good and marketable title to such SO2 emission allowances, and that such SO2 emission allowances are free and clear of all liens, security interests, claims, encumbrances and adverse claims. A Clearing Member that breaches its representation and warranty in this Rule 1601.10, shall be liable to the Clearing House and Exchange for their respective losses arising from such breach.~~

~~(a) Responsibilities of Clearing Members Having Open Long Positions~~

~~Notice of Intention to Accept:~~

~~By 11:30 a.m. on the first Business Day after the termination of the delivery month, a Buyer having an open position shall file with the Exchange a properly completed and signed Notice of Intention to Accept. The Notice of Intention to Accept shall be in the form prescribed by the Exchange and shall include: Name of the Buyer's Customer, Number of Contracts to be accepted, and any additional information as may be required by the Exchange.~~

~~By 4:00 p.m. on Notice Day, the Seller shall provide the Buyer with the following information: AMS Account Number, Vintage Year, Name, Phone Number and e-mail address of the Authorized Account Representative (AAR) or the authorized alternate for that AMS account.~~

~~(b) Responsibilities of Clearing Members Having Open Short Positions~~

~~Notice of Intention to Deliver:~~

~~By 11:30 a.m. on the first Business Day after the termination of the delivery month, a Seller having an open short position shall file with the Exchange a properly completed and signed Notice of Intention to Deliver. The Notice of Intention to Deliver shall be in such form prescribed by the Exchange and shall include: Name of the Seller's Customer, Number of Contracts to be delivered, AMS Account Number, Vintage Year, Name, Phone Number and~~

e-mail address of the Authorized Account Representative (AAR) or the authorized alternate for that AMS account, and any additional information as may be required by the Exchange.

~~(c) — Use of Settlement Price~~

~~The final settlement price used for the delivery shall be the settlement price from the final day of trading.~~

~~(d) — Notice Day~~

~~(i) — The Clearing House shall allocate Notices of Intention to Deliver and Notices of Intention to Accept by matching size of positions, to the extent possible.~~

~~(ii) — The Clearing House shall provide Tender Allocation Notices to the respective Clearing Members by 2:00 p.m. on the first Business Day after the termination of the delivery month. The day the Tender Allocation Notices are provided to the Clearing Members shall be referred to as "Notice Day."~~

~~(iii) — Tender Allocation Notices are not transferable.~~

~~(e) — Payment and Delivery Margins Definitions~~

~~(i) — "Payment" shall include the settlement price times the number of Contracts times 25.~~

~~(ii) — "Payment Date" shall mean the Business Day after the Buyer's Customer receipt of proper notification from the AMS that allowances have been transferred from the Seller's Customer account to the Buyer's Customer account, provided documentation is supplied to the Buyer's Customer by no later than 2:00 p.m. Documentation supplied by the Seller's Customer to Buyer's Customer after 2:00 p.m. on any Exchange Business Day, shall be considered received on the following Exchange Business Day.~~

~~(iii) — On the Business Day following the last day of trading, the long Clearing Member shall obtain from the long, if any, margin equal to the full value of the product to be delivered. Such margin shall consist of cash, securities issued by the United States Treasury Department maturing within ten (10) years from the date of deposit and guaranteed as to principal and interest by the United States Government or a letter of credit. Any Treasury securities so deposited shall be valued at ninety percent (90%) of the par value of such instruments. Any letter of credit so deposited shall be in a form approved by the Exchange, shall be issued or confirmed by an Exchange approved original margin depository, and shall be drawn in favor of the Clearing House.~~

~~(iv) — The Buyer shall pay the Seller at the office of the Seller by a certified check or electronic funds transfer, or any other method acceptable to both parties by 12:00 p.m. on the payment date.~~

~~(v) — The Buyer and Seller shall deposit with the Clearing House margins in such amounts and in such form as required by the Clearing House. Such margins, which shall not be greater than the margins charged to the Buyer's Customer and Seller's Customer, shall be returned on the Business Day following notification to the Exchange that delivery and payment have been completed.~~

~~(vi) — On the Payment Date, The Seller shall deliver a Notice of Payment to the Buyer with a copy to the Exchange by 4:30 p.m. Upon receipt of such notice the delivery shall be complete.~~

~~(vii) — Any payment made on Payment Date shall be based on SO<sub>2</sub> emission allowances actually delivered.~~

~~(viii) — Delivery Day. The day the Buyer receives the allowances shall be referred to as the Delivery Day.~~

~~1601.11. — DELIVERY PERIOD~~

~~Delivery shall take place on the second Business Day after the termination of the delivery month.~~

~~1601.12. — VALIDITY OF DOCUMENTS~~

~~The Exchange makes no representation respecting the authenticity, validity or accuracy of any Notice of Intention to Accept, Notice of Intention to Deliver, check or of any document or instrument delivered pursuant to these rules.~~

~~1601.13. EXCHANGE OF FUTURES FOR RELATED POSITIONS~~

~~Any Exchange of Futures for Related Positions ("EFRP") shall be governed by the provisions of GreenX Rule 603.~~

~~An EFRP is permitted in the expiring futures contract until two hours after trading terminates on the last day of trading of the expiring futures contract.~~

~~1601.14. ALTERNATIVE DELIVERY PROCEDURE~~

~~A Seller's Customer or Buyer's Customer may agree with the Buyer's Customer or the Seller's Customer with which it has been matched by the Exchange under Rule 1601.10 (D) to make and take delivery under terms or conditions which differ from the terms and conditions prescribed by this Rule. In such a case, Clearing Members shall execute an Alternative Notice of Intention to Deliver on the form prescribed by the Exchange and shall deliver a completed executed copy of such Notice to the Clearing House. The delivery of an executed Alternative Notice of Intention to Deliver to the Clearing House shall release the Clearing Members and the Exchange from their respective obligations under the Exchange Contracts.~~

~~In executing such Alternative Notice of Intention to Deliver to the Exchange, Clearing Members shall indemnify the Exchange and the Clearing House against any liability, cost or expense it may incur for any reason as a result of the execution, delivery, or performance of such contracts or such agreement, or any breach thereof or default thereunder. Upon receipt of an executed Alternative Notice of Intention to Deliver, the Clearing House will return to the Clearing Members all margin monies held for the account of each with respect to the Contracts involved.~~

~~1601.15. FORCE MAJEURE, LATE PERFORMANCE AND FAILURE TO PERFORM~~

~~(a) DEFINITION. As used in this Rule, the following terms, as well as variations thereof, shall have the meaning described below.~~

~~(i) "Late Performance" shall mean the failure of a Buyer or a Seller to complete a material act with respect to a delivery obligation imposed by, and within the time period established in, this Rule. Late Performance shall be restricted to three Business Days. Late Performance beyond three Business Days by, a Seller or a Buyer will be deemed a Failure to Perform.~~

~~(ii) "Day of Late Performance" shall mean the twenty-four hour period commencing immediately after a Buyer or a Seller was to have performed. Each subsequent Day of Late Performance shall commence twenty-four hours after the beginning of the prior Day of Late Performance. When a Party is late in performance, the day when the act was to have performed shall be a Day of Late Performance.~~

~~(iii) "Failure to Perform" shall mean the failure of a Buyer or a Seller to complete a material act with respect to a delivery obligation prior to the expiration of the period allowed for the late performance of such act.~~

~~(iv) "Contract Value" shall mean the amount equal to the settlement price on the last day of trading in a Futures Contract times 25 (the number of SO<sub>2</sub> emission allowances per Contract) times the number of Contracts to be delivered.~~

~~(v) "Party" shall mean a Buyer or Seller and such Buyer and Seller are each responsible to the Exchange for their obligations under these Rules and further responsible to the Exchange for the obligations of their respective customers under this Rule.~~

~~(B) "Other Party" shall mean the corresponding Buyer when the Seller is late in performance or has failed to perform and the corresponding Seller when the Buyer is late in performance or has failed to perform.~~

~~(vi) "Force Majeure" shall mean any circumstance (including but not limited to a strike, lockout, national emergency, governmental action, registry failure or act of God) which is beyond the control of such Buyer or Seller, and which prevents the Buyer or Seller from making or taking delivery of product when and as provided for in these Rules.~~

~~(b) RESPONSIBILITIES OF PARTIES TO THE DELIVERY~~

~~(i) — The parties to a delivery shall make commercially reasonable efforts to perform their respective delivery obligations at all times until a Party has failed to perform.~~

~~(ii) — A Party which has failed to perform its obligations may no longer perform such obligations; provided, however, that a Buyer which has failed to make a payment shall make such payment.~~

~~(c) — EMISSIONS ALLOWANCE DELIVERY COMMITTEE~~

~~(i) — Force Majeure, Late Performance and Failure to Perform shall be determined by a Panel of the Emissions Allowance Delivery Committee as set forth below. The Chairman of the Emissions Allowance Delivery Committee shall appoint a Panel, which shall consist of three (3) members of the Committee, to review a delivery:~~

~~(A) — When the Chairman of the Emissions Allowance Delivery Committee is advised by the Chief Executive Officer or any person designated by the Chief Executive Officer that it appears that the performance of a Party to the delivery is late;~~

~~(B) — Upon the written request of both the Buyer and the Seller;~~

~~(C) — When the Chief Executive Officer or any person designated by the Chief Executive Officer requests such appointment; or~~

~~(D) — When either Party to the delivery notifies the Exchange that circumstances exist constituting Force Majeure.~~

~~(ii) — The Chairman of the Emissions Allowance Delivery Committee shall not appoint to any Panel any person who has a direct or indirect interest in the delivery in question. Any Panel so appointed shall retain jurisdiction over the delivery in question until the delivery has been completed or a Party has been found to have failed to perform such delivery. The general counsel of the Exchange, or its designee, shall serve as advisor to the Panel.~~

~~(iii) — The Panel shall meet within one Business Day of notification as provided in these Rules. Unless good cause for delay exists, within one Business Day the Panel shall determine whether Force Majeure exists, whether a Buyer or Seller is late in performing or has failed to perform its obligations as provided in this Rule, and advise the Regulatory Oversight Department of such determination, and its findings in support thereof immediately. The Panel shall cause its determination to be communicated to the parties to the delivery as expeditiously as possible.~~

~~(iv) — Upon a finding of Force Majeure, the Panel may take any one or combination of the following actions as it deems suitable order: an extension of time not to exceed ten days from the date of the scheduled delivery; or, refer the delivery to the Exchange, represented by the Regulatory Oversight Department, for emergency action as provided in Exchange Rules as provided in Exchange Rules.~~

~~(d) — EXCHANGE ACTION~~

~~(i) — Whenever a Buyer or a Seller is found by the Panel to be late in the performance of a delivery obligation, the Exchange, represented by the Regulatory Oversight Department, shall issue a Notice of Assessment, assessing a penalty of 10% of Contract value for each applicable day of Late Performance.~~

~~(ii) — Whenever a Buyer or Seller is found by the Panel or otherwise deemed to have a “Failure to Perform” the Exchange, represented by the Regulatory Oversight Department shall issue a Notice of Assessment assessing penalties of twenty percent (20%) of the Contract value, in addition to any penalties assessed pursuant to subparagraph (1) above, to be paid to the Exchange.~~

~~(iii) — A Party may appeal a Notice of Assessment by filing a Notice of Appeal with the Disciplinary Panel and by serving a copy of the same on the Exchange's Regulatory Oversight Department, within two Business Days of receipt of the Notice of Assessment from the Regulatory Oversight Department. The Party filing the appeal (“Appellant”) shall file, within twenty (20) days after filing the Notice of Appeal, a Memorandum of Appeal setting forth the factual and legal basis for the appeal. The Memorandum of Appeal must be filed with the Hearing Registrar and a copy of the same served upon the Chief Regulatory Officer.~~

~~(B) — The Regulatory Oversight Department may file with the Appellant and Hearing Registrar an Answering Memorandum to the Memorandum of Appeal within ten (10) days of receipt of that memorandum.~~

~~(C) — Failure by the Party to file a Notice of Appeal or a Memorandum of Appeal with the time specified in subsection (d)(iii)(A) of this Rule shall constitute a waiver, and the penalties set forth in the Notice of Assessment shall be paid within five days to the Exchange. Failure to pay such penalties in accordance with this Rule shall subject the party to the sanctions set forth in Chapter 7. In the event a party fails to Appeal, or waives the opportunity to appeal a Notice of Assessment, the Assessment and findings of the Emissions Allowance Delivery Committee shall constitute a final disciplinary action of the Exchange.~~

~~(iv) — Within ten (10) days after receipt of Regulatory Oversight Department's reply, the Appellant shall be entitled to examine all books, documents and other tangible evidence in possession or under the control of the Exchange that are to be relied on by Regulatory Oversight Department or are otherwise relevant to the matter.~~

~~(v) — In the event of an appeal by a Party, the Chief Executive Officer, or his designee, shall appoint an Assessment Appeal Panel to hear and decide the appeal. No member of the Panel may have a direct or indirect interest in the matter under the appeal. Each Panel Member shall disclose to the Chief Executive Officer, or his designee, any such interest which might preclude such Panel Member from rendering a fair and impartial determination. The formal Rules of Evidence shall not apply to such appeal, and the Panel shall be the sole judge with respect to the evidence presented to it. Exchange outside counsel shall advise the Panel.~~

~~(vi) — The procedures for the hearing of the appeal before the Assessment Appeal Panel shall be as follows:~~

~~(A) — At a date to be set by order of the Panel, and prior to such hearing, the Appellant and the Regulatory Oversight Department shall furnish each other with a list of witnesses expected to be called at the hearing, and a list of documents and copies thereof expected to be introduced at the hearing.~~

~~(B) — At such hearing, the Appellant may appear personally and may be represented by counsel or other representative of his choice at the appeal.~~

~~(C) — The Regulatory Oversight Department shall be entitled to offer evidence relating to the delivery and shall be entitled to call witnesses and introduce documents in support thereof. It shall be the burden of the Regulatory Oversight Department to demonstrate, by the weight of the evidence, the appropriateness of the sanction set forth in the Notice of Assessment.~~

~~(D) — The Appellant shall be entitled to rebut the Regulatory Oversight Department's evidence and shall be entitled to call witnesses and introduce documents in support thereof.~~

~~(E) — The Regulatory Oversight Department and the Appellant shall be entitled to cross-examine any witness called by the opposing Party at the hearing.~~

~~(F) — The Notice of Assessment, the Notice of Appeal, the Memorandum of Appeal, any Answering Memorandum, the stenographic transcript of the appeal, any documentary evidence or other material presented to and accepted by the Panel shall constitute the record of the hearing. The decision of the Panel shall be based upon the record of the hearing.~~

~~(G) — The Panel shall have the power to impose a penalty against any person who is within the jurisdiction of the Exchange and whose actions impede the progress of a hearing.~~

~~(H) — The Assessment Appeal Panel shall issue a written decision in which it may affirm, reduce, or waive the charges assessed against the Appellant and shall state the reasons therefore.~~

~~(I) — The decision of the Assessment Appeal Panel shall be a final decision of the Exchange and shall constitute a final disciplinary action of the Exchange. The fine is payable on the~~

effective day of the decision or as specified. The effective day shall be fifteen (15) days after a copy of the written decision has been delivered to the appellant and to the CFTC.

~~(vii) — The Assessment Appeal Panel shall consider, and make recommendations to the Chief Executive Officer, or his designee concerning acceptance or rejection of, any offer of settlement submitted by Appellant. In the case of an offer of settlement, acceptance by the Chief Executive Officer shall constitute the final disciplinary action of the Exchange.~~

~~(e) — ARBITRATION PROCEDURE~~

~~(i) — Any claim for damages arising between a Buyer and a Seller as a result of a delivery pursuant to this Contract shall be settled by arbitration in accordance with these Rules.~~

~~(ii) — Notice of Intent to Arbitrate must be submitted to the Secretary of the Exchange within three Business Days of the occurrence upon which the claim is based or the decision of the Emissions Allowance Delivery Committee with respect to a late or failed performance. Failure to submit a Notice of Intent to Arbitrate within the prescribed period will be deemed a waiver of a Party's rights to arbitrate such a delivery dispute under the special or Regular Arbitration Rules.~~

~~(iii) — The Arbitration will be governed by Chapter 8 of the GreenX Rules except that the Chief Executive Officer or his designee shall appoint an Arbitration Panel.~~



~~RULE 1602. — SO2 Emission 25 Allowance Option~~

~~1602.01. — EXPIRATION~~

~~An SO2 Emission 25 Allowance Option Contract listed on the Exchange shall expire at the close of trading three Business Days prior to the expiration of the underlying SO2 Emission 25 Allowance Futures Contract.~~

~~1602.02. — TRADING UNIT~~

~~An SO2 Emission 25 Allowance Option Contract is European style option. An SO2 Emission 25 Allowance put or call Option Contract traded on the Exchange represents an option to assume a short or long position in the underlying SO2 Emissions 25 Allowance Futures Contract without a specified vintage year traded on the Exchange.~~

~~1602.03. — TRADING MONTHS~~

~~Trading in an SO2 Emission 25 Allowance Option Contract shall be conducted in the contract months as shall be determined by the Exchange. Trading shall commence on the day fixed by resolution of the Exchange.~~

~~1602.04. — HOURS OF TRADING~~

~~The hours of trading in SO2 Emission 25 Allowance Option Contracts on the Exchange shall be the same as the hours of trading for SO2 Emission 25 Allowance Futures Contracts. All such trading shall take place within the venue and hours prescribed by the Exchange.~~

~~The SO2 Emission 25 Allowance Option Contract is available for clearing on CPC during the hours prescribed by the Exchange.~~

~~1602.05. — STRIKE PRICES~~

~~Trading shall be conducted for Option Contracts with strike prices in increments as set forth below.~~

~~(a) — On the first Business Day of trading in an Option Contract month, trading shall be at the following strike prices: (i) the previous day's settlement price for SO2 Emission 25 Allowance Futures Contracts in the corresponding delivery month rounded off to the nearest one dollar increment strike price; (ii) the ten one dollar increment strike prices which are ten increments higher than the strike price described in (i) of this Rule 1602.05(A); and (iii) the ten one dollar increment strike prices which are ten increments lower than the strike price described in (i) of this Rule 1602.05(A).~~

~~(b) — Thereafter, on any Business Day prior to the expiration of the Option Contract, new consecutive strike prices for both puts and calls will be added such that there will be ten increments above and below the at the money option.~~

~~(c) — Notwithstanding the provisions of subsections (A) and (B) of this Rule, if the Exchange determines that trading in SO2 Emission 25 Allowance Option Contracts will be facilitated hereby, the Exchange may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded in the first day in any new Option Contract month, the number of new strike prices which will be introduced on each Business Day or the period preceding the expiration of an SO2 Emission 25 Allowance Option Contract in which no new strike prices may be introduced.~~

~~1602.06. — PRICES AND PRICE FLUCTUATIONS~~

~~Prices shall be quoted in dollar and cents per allowance. The minimum price fluctuation is \$0.10 per allowance. A cabinet trade may occur at a price of \$1.00 per Contract, however, if it results in the liquidation of positions for both parties to the trade.~~

~~1602.07. — ABSENCE OF PRICE FLUCTUATION LIMITATIONS~~

~~Trading in SO2 Emission 25 Allowance Option Contracts shall not be subject to price fluctuation limitations.~~

~~RULE 1603. — SO2 Emissions Allowance Futures Contract~~

~~1603.01. — SCOPE~~

~~The provisions of these rules shall apply to all SO2 emissions allowances bought or sold for future delivery on the Exchange with the Delivery at the U.S Environmental Protection Agency's (EPA) Allowance Tracking System.~~

~~1603.01A. — DEFINITIONS~~

~~(a) — "EPA" means the U.S. Environmental Protection Agency or any successor agency with similar jurisdiction.~~

~~(b) — "SO2 Allowance" refers to a tradable permit to emit SO2 as specified further by EPA.~~

~~(c) — "SO2 Allowance Management System" ("AMS") means the system established by the EPA for recording the transfer of Allowances among various entities under the Clean Air Act as set.~~

~~(d) — "Vintage Year" means the first calendar year for which the allowance may be utilized for compliance.~~

~~(e) — "The Clean Air Markets Division (CAMD) Business System" is the EPA's electronic platform for recording information submitted by regulated entities and other Program participants, including the electronic transfer of allowances between accounts.~~

~~(f) — The terms "Seller" and "Buyer" shall mean the short Clearing Member and the long Clearing Member, respectively.~~

~~(g) — The terms "Seller's Customer" and "Buyer's Customer" shall mean the seller and buyer of the physical product.~~

~~(h) — The term "Settlement Price" shall mean the final settlement price used as the price for delivery of the product, which shall be the settlement price for the last trading day of the expiring delivery month. The settlement price for the last day of the trading shall be determined in accordance with the procedures set forth in GreenX Rule 905.~~

~~1603.02. — TIME REFERENCES~~

~~For purposes of this Rule, unless otherwise specified, times referred to herein shall refer to and indicate the prevailing time in New York.~~

~~1603.03. — CONTRACT UNIT~~

~~The Contract unit shall be one hundred (100) SO2 emissions allowances of current or earlier year vintage for a delivery made by transfer through AMS.~~

~~1603.04. — DELIVERY~~

~~Emissions allowances delivery shall comply with all requirements for the electronic transfer of SO2 allowances on the AMS through CAMD Business System. All deliveries made under this Rule shall be final and there shall be no appeal.~~

~~1603.05. — DELIVERY MONTHS~~

~~Trading shall be conducted in Contracts providing for delivery in such periods as shall be determined by the Exchange.~~

~~1603.06. — MINIMUM PRICE FLUCTUATIONS~~

~~Prices shall be quoted in dollars and cents per allowance. The minimum price fluctuation shall be \$0.25 per allowance (\$25.00 per Contract). There shall be no maximum price fluctuation.~~

~~1603.07. — TERMINATION OF TRADING~~

~~Trading in the current delivery month shall cease at termination of the third Business Day prior to the last Business Day of the contract month.~~

~~1603.08. ——— RESERVED~~

~~1603.09. ——— DELIVERY PROCEDURES~~

~~By transferring SO<sub>2</sub> emission allowances to the Clearing House, the Seller represents and warrants that, at the time of delivery, it has good and marketable title to such SO<sub>2</sub> emission allowances, and that such SO<sub>2</sub> emission allowances are free and clear of all liens, security interests, claims, encumbrances and adverse claims. A Clearing Member that breaches its representation and warranty in this Rule 1603.09, shall be liable to the Clearing House and Exchange for their respective losses arising from such breach.~~

~~(a) ——— RESPONSIBILITIES OF CLEARING MEMBERS HAVING OPEN LONG POSITIONS~~

~~NOTICE OF INTENTION TO ACCEPT~~

~~By 11:30 a.m. on the second Business Day prior to the last Business Day of an expiring delivery month, a Buyer having an open position shall file with the Exchange a properly completed and signed Notice of Intention to Accept. The Notice of Intention to Accept shall be in the form prescribed by the Exchange and shall include: Name of the Buyer's Customer, Number of Contracts to be accepted, and any additional information as may be required by the Exchange;~~

~~By 4:00 p.m. on Notice Day, the Seller shall provide the Buyer with the following information: AMS Account Number, Vintage Year, Name, Phone Number and e-mail address of the Account Representative (AAR) or the authorized alternate for that AMS account.~~

~~(b) ——— RESPONSIBILITIES OF CLEARING MEMBERS HAVING OPEN SHORT POSITIONS~~

~~NOTICE OF INTENTION TO DELIVER~~

~~By 11:30 a.m. on the second Business Day prior to the last Business Day of an expiring delivery month, a Seller having an open short position shall file with the Exchange a properly completed and signed Notice of Intention to Deliver. The Notice of Intention to Deliver shall be in such form prescribed by the Exchange and shall include: Name of the Seller's Customer, Number of Contracts to be delivered, AMS Account Number, Vintage Year, Name, Phone Number and e-mail address of the Account Representative (AAR) or the authorized alternate for that AMS account, and any additional information as may be required by the Exchange.~~

~~By 4:00 p.m. on Notice Day, the Seller shall provide the Buyer with the following information: AMS Account Number, Vintage Year, Name, Phone Number and e-mail address of the Account Representative (AAR) or the authorized alternate for that NAMS account.~~

~~(c) ——— USE OF SETTLEMENT PRICE: The final settlement price used for the delivery shall be the settlement price from the final day of trading.~~

~~(d) ——— Notice Day~~

~~(i) ——— The Clearing House shall allocate Notices of Intention to Deliver and Notices of Intention to Accept by matching size of positions, to the extent possible.~~

~~(ii) ——— The Clearing House shall provide Tender Allocation Notices to the respective Clearing Members by 2:00 p.m. on the second Business Day prior to the last Business Day of the delivery month. The day the Tender Allocation Notices are provided to the Clearing Members shall be referred to as "Notice Day."~~

~~(iii) ——— Tender Allocation Notices are not transferable.~~

~~(e) ——— Payment and Delivery Margins~~

~~(i) ——— Definitions~~

~~(A) ——— "Payment" shall include the settlement price times the number of Contracts times~~

~~100.~~

(B) — ~~“Payment Date” shall mean the Business Day after the Buyer's Customer receipt of proper notification from the AMS that allowances have been transferred from the Seller's Customer account to the Buyer's Customer account, provided documentation is supplied to the Buyer's Customer by no later than 2:00 p.m. Documentation supplied to Buyer after 2:00 noon on any Exchange Business Day, shall be considered received on the following Exchange Business Day.~~

(C) — ~~On the Business Day following the last day of trading, the long Clearing Member shall obtain from the long, if any, margin equal to the full value of the product to be delivered. Such margin shall consist of cash, securities issued by the United States Treasury Department maturing within ten (10) years from the date of deposit and guaranteed as to principal and interest by the United States Government or a letter of credit. Any Treasury securities so deposited shall be valued at ninety percent (90%) of the par value of such instruments. Any letter of credit so deposited shall be in a form approved by the Exchange, shall be issued or confirmed by an Exchange approved original margin depository, and shall be drawn in favor of the Clearing House.~~

(D) — ~~The Buyer shall pay the Seller at the office of the Seller by a certified check or electronic funds transfer, or any other method acceptable to both parties by 12:00 p.m. on the payment date.~~

(E) — ~~The Buyer and Seller shall deposit with the Clearing House margins in such amounts and in such form as required by the Clearing House. Such margins which shall not be greater than the margins charged to the Buyer's Customer and Seller's Customer, shall be returned on the Business Day following notification to the Exchange that delivery and payment have been completed.~~

(F) — ~~On the Payment Date, The Seller shall deliver a Notice of Payment to the Buyer with a copy to the Exchange by 4:30 p.m. Upon receipt of such notice the delivery shall be complete.~~

(G) — ~~Any payment made on Payment Date shall be based on allowances actually delivered.~~

(f) — ~~Delivery Day~~

~~The day the Buyer receives the allowances shall be referred to as the Delivery Day.~~

#### ~~1603.10. DELIVERY PERIOD~~

~~Delivery shall take place on one Business Day prior to the last Business Day of the delivery month.~~

#### ~~1603.11. VALIDITY OF DOCUMENTS~~

~~The Exchange makes no representation respecting the authenticity, validity or accuracy of any Notice of Intention to Accept, Notice of Intention to Deliver, check or of any document or instrument delivered pursuant to these rules.~~

#### ~~1603.12. EXCHANGE OF FUTURES FOR RELATED POSITIONS~~

~~Any Exchange of Futures for Related Positions (“EFRP”) shall be governed by the provisions of GreenX Rule 603.~~

~~An EFRP is permitted in the expiring futures contract until two hours after trading terminates on the last day of trading of the expiring futures contract.~~

#### ~~1603.13. ALTERNATIVE DELIVERY PROCEDURE~~

~~A Seller's Customer or Buyer's Customer may agree with the Buyer's Customer or the Seller's Customer with which it has been matched by the Exchange under Rule 1603.09(D) to make and take delivery under terms or conditions which differ from the terms and conditions prescribed by this Rule. In such a case, Clearing Members shall execute an Alternative Notice of Intention to Deliver on the form prescribed by the Exchange and shall deliver a completed executed copy of such Notice to the Clearing House. The delivery of an executed Alternative Notice of Intention to Deliver to the Clearing House shall release the Clearing Members and the Exchange from their respective obligations under the Exchange Contracts.~~

In executing such Alternative Notice of Intention to Deliver, Clearing Members shall indemnify the Exchange and the Clearing House against any liability, cost or expense it may incur for any reason as a result of the execution, delivery, or performance of such contracts or such agreement, or any breach thereof or default there under. Upon receipt of an executed Alternative Notice of Intention to Deliver, the Clearing House will return to the Clearing Members all margin monies held for the account of each with respect to the Contracts involved.

~~1603.14. FORCE MAJEURE, LATE PERFORMANCE FAILURE TO PERFORM~~

~~(a) DEFINITION. As used in this Rule 1603.14, the following terms, as well as variations thereof, shall have the meaning described below.~~

~~(i) "Late Performance" means the failure of a Buyer or a Seller to complete a material act with respect to a delivery obligation imposed by, and within the time period established in, this Rule. Late Performance shall be restricted to three Business Days. Late Performance beyond three Business Days by a Seller or a Buyer will be deemed a Failure to Perform.~~

~~(ii) "Day of Late Performance" means the twenty-four hour period commencing immediately after a Buyer or a Seller was to have performed. Each subsequent Day of Late Performance shall commence twenty-four hours after the beginning of the prior Day of Late Performance. When a Party is late in performance, the day when the act was to have performed shall be a Day of Late Performance.~~

~~(iii) "Failure to Perform" means the failure of a Buyer or a Seller to complete a material act with respect to a delivery obligation prior to the expiration of the period allowed for the late performance of such act.~~

~~(iv) "Contract Value" means the amount equal to the settlement price on the last day of trading in a Futures Contract times 100 (the number of allowances per Contract) times the number of Contracts to be delivered.~~

~~(v) "Party" means a Buyer or Seller and such Buyer and Seller are each responsible to the Exchange for their obligations under these Rules and further responsible to the Exchange for the obligations of their respective customers under this Rule.~~

~~(B) "Other Party" means the corresponding Buyer when the Seller is late in performance or has failed to perform and the corresponding Seller when the Buyer is late in performance or has failed to perform.~~

~~(vi) "Force Majeure" means any circumstance (including but not limited to a strike, lockout, national emergency, governmental action, registry failure or act of God) which is beyond the control of such Buyer or Seller, and which prevents the Buyer or Seller from making or taking delivery of product when and as provided for in these Rules.~~

~~(b) RESPONSIBILITIES OF PARTIES TO THE DELIVERY~~

~~(i) The parties to a delivery shall make commercially reasonable efforts to perform their respective delivery obligations at all times until a Party has failed to perform.~~

~~(ii) A Party which has failed to perform its obligations may no longer perform such obligations; provided, however, that a Buyer which has failed to make a payment shall make such payment.~~

~~(c) EMISSION ALLOWANCE DELIVERY COMMITTEE~~

~~(i) Force Majeure, Late Performance and Failure to Perform shall be determined by a Panel of the Emissions Allowance Delivery Committee as set forth below. The Chairman of the Emissions Allowance Delivery Committee shall appoint a Panel, which shall consist of three (3) members of the Committee, to review a delivery;~~

~~(A) When the Chairman of the Emission Allowance Delivery Committee is advised by the Chief Executive Officer or any person designated by the Chief Executive Officer that it appears that the performance of a Party to the delivery is late;~~

~~(B) Upon the written request of both the Buyer and the Seller;~~

~~(C) — When the Chief Executive Officer or any person designated by the Chief Executive Officer requests such appointment; or~~

~~(D) — When either Party to the delivery notifies the Exchange that circumstances exist constituting Force Majeure.~~

~~(ii) — The Chairman of the Emission Allowance Delivery Committee shall not appoint to any Panel any person who has a direct or indirect interest in the delivery in question. Any Panel so appointed shall retain jurisdiction over the delivery in question until the delivery has been completed or a Party has been found to have failed to perform such delivery. The general counsel of the Exchange, or its designee, shall serve as advisor to the Panel.~~

~~(iii) — The Panel shall meet within one Business Day of notification as provided in these Rules. Unless good cause for delay exists, within one Business Day the Panel shall determine whether Force Majeure exists, whether a Buyer or Seller is late in performing or has failed to perform its obligations as provided in this Rule, and advise the Regulatory Oversight Department of such determination, and its findings in support thereof immediately. The Panel shall cause its determination to be communicated to the parties to the delivery as expeditiously as possible.~~

~~(iv) — Absent a declaration of a Force Majeure, the Panel may, with the consent of both the Buyer and the Seller, take any one or combination of the following actions as it deems suitable grant an extension of time not to exceed five days from the date of the scheduled delivery.~~

~~This Subsection shall not preclude a Party or the Exchange from seeking the remedies set forth in Sections (D) and (E) of this Rule.~~

~~(v) — Upon a finding of Force Majeure, the Panel may take any one or combination of the following actions as it deems suitable order an extension of time not to exceed five days from the date of the scheduled delivery; or, refer the delivery to the Exchange, represented by the Regulatory Oversight Department, for emergency action as provided in Exchange Rules as provided in Exchange Rules.~~

~~(d) — EXCHANGE ACTION~~

~~(i) — Whenever a Buyer or a Seller is found by the Panel to be late in the performance of or to have failed to perform a delivery, the Exchange, represented by the Regulatory Oversight Department, shall issue a Notice of Assessment, assessing a penalty of 10% of Contract value for each applicable day of Late Performance.~~

~~(ii) — When a Party has failed to perform, the Regulatory Oversight Department shall issue a Notice of Assessment assessing penalties of ten percent (10%) of the Contract value, in addition to any penalties assessed pursuant to subparagraph (2) hereof, to be paid to the Exchange.~~

~~(iii) — A Party may appeal a Notice of Assessment by filing a Notice of Appeal with the Disciplinary Panel and by serving a copy of the same on the Chief Regulatory Officer, within two Business Days of receipt of the Notice of Assessment from the Regulatory Oversight Department. The Party filing the appeal (“Appellant”) shall file, within twenty (20) days after filing the Notice of Appeal, a Memorandum of Appeal setting forth the factual and legal basis for the appeal. The Memorandum of Appeal must be filed with the Hearing Registrar and a copy of the same served upon the Chief Regulatory Officer.~~

~~(B) — The Regulatory Oversight Department may file with the Appellant and Hearing Registrar an Answering Memorandum to the Memorandum of Appeal within ten (10) days of receipt of that memorandum.~~

~~(C) — Failure by the Party to file a Notice of Appeal or a Memorandum of Appeal with the time specified in subsection (D)(4)(a) of this Rule shall constitute a waiver, and the penalties set forth in the Notice of Assessment shall be paid within five days to the Exchange. Failure to pay such penalties in accordance with this Rule shall subject the party to the sanctions set forth in Chapter 7. In the event a party fails to Appeal, or waives the opportunity to appeal a Notice of Assessment the Assessment and findings of the Delivery Committee shall constitute a final disciplinary action of the Exchange.~~

(iv) — Within ten (10) days after receipt of the Regulatory Oversight Department's reply, the Appellant shall be entitled to examine all books, documents and other tangible evidence in possession or under the control of the Exchange that are to be relied on by the Regulatory Oversight Department or are otherwise relevant to the matter.

(v) — In the event of an appeal by a Party, the Chief Executive Officer, or his designee, shall appoint an Assessment Appeal Panel to hear and decide the appeal. No member of the Panel may have a direct or indirect interest in the matter under the appeal. Each Panel Member shall disclose to the Chief Executive Officer, or his designee, any such interest which might preclude such Panel Member from rendering a fair and impartial determination. The formal Rules of Evidence shall not apply to such appeal, and the Panel shall be the sole judge with respect to the evidence presented to it. Exchange outside counsel shall advise the Panel.

(vi) — The procedures for the hearing of the appeal before the Assessment Appeal Panel shall be as follows:

(A) — At a date to be set by order of the Panel, and prior to such hearing, the Appellant and the Regulatory Oversight Department shall furnish each other with a list of witnesses expected to be called at the hearing, and a list of documents and copies thereof expected to be introduced at the hearing.

(B) — At such hearing, The Appellant may appear personally and may be represented by counsel or other representative of his choice at the appeal.

(C) — The Regulatory Oversight Department shall be entitled to offer evidence relating to the delivery and shall be entitled to call witnesses and introduce documents in support thereof. It shall be the burden of the Regulatory Oversight Department to demonstrate, by the weight of the evidence, the appropriateness of the sanction set forth in the Notice of Assessment.

(D) — The Appellant shall be entitled to rebut the Regulatory Oversight Department's evidence and shall be entitled to call witnesses and introduce documents in support thereof.

(E) — The Regulatory Oversight Department and the Appellant shall be entitled to cross-examine any witness called by the opposing Party at the hearing.

(F) — The Notice of Assessment, the Notice of Appeal, the Memorandum of Appeal, any Answering Memorandum, the stenographic transcript of the appeal, any documentary evidence or other material presented to and accepted by the Panel shall constitute the record of the hearing. The decision of the Panel shall be based upon the record of the hearing.

(G) — The Panel shall have the power to impose a penalty against any person who is within the jurisdiction of the Exchange and whose actions impede the progress of a hearing.

(H) — The Assessment Appeal Panel shall issue a written decision in which it may affirm, reduce, or waive the charges assessed against the Appellant and shall state the reasons therefore.

(I) — The decision of the Assessment Appeal Panel shall be a final decision of the Exchange and shall constitute a final disciplinary action of the Exchange. The fine is payable on the effective day of the decision or as specified. The effective day shall be fifteen (15) days after a copy of the written decision has been delivered to the appellant and to the CFTC.

(vii) — The Assessment Appeal Panel shall consider, and make recommendations to the Chief Executive Officer concerning acceptance or rejection of, any offer of settlement submitted by Appellant. In the case of an offer of settlement, acceptance by the Chief Executive Officer shall constitute the final disciplinary action of the Exchange.

(e) — ARBITRATION PROCEDURE

(i) — Any claim for damages arising between a Buyer and a Seller as a result of a delivery pursuant to this Contract shall be settled by arbitration in accordance with these Rules.

~~(ii) — Notice of Intent to Arbitrate must be submitted to the Secretary of the Exchange within three Business Days of the occurrence upon which the claim is based or the decision of the Emissions Allowance Delivery Committee with respect to a late or failed performance. Failure to submit a Notice of Intent to Arbitrate within the prescribed period will be deemed a waiver of a Party's rights to arbitrate such a delivery dispute under the special or Regular Arbitration Rules.~~

~~(iii) — The Arbitration will be governed by Chapter 5 of the GreenX Rules except that the Chairman of the Exchange or his designee shall appoint an Arbitration Panel composed of three Members of the Exchange, at least one of whom shall be a Member of the Board of Directors.~~



~~RULE 1604. — SO2 Emissions Allowance Option~~

~~1604.01 — EXPIRATION OF SO2 EMISSIONS OPTION CONTRACT~~

~~A SO2 Emissions Option Contract on the Exchange shall expire at the close of trading on the 15<sup>th</sup> calendar day of the contract month. If the 15th is not a Business Day, the Option Contract will expire on the Business Day prior to the 15th.~~

~~1604.02 — TRADING UNIT FOR OPTION CONTRACT~~

~~A SO2 Option Contract is European Style option. SO2 Emissions put or call Option Contract traded on the Exchange represents an option to assume a short or long position in the underlying SO2 Emissions Allowance Futures Contract traded on the Exchange.~~

~~1604.03 — TRADING MONTHS FOR SO2 EMISSIONS OPTION CONTRACT~~

~~Trading in SO2 Emissions Option Contracts shall be conducted in the months as shall be determined by the Board of Directors. Trading shall commence on the day fixed by resolution of the Board of Directors.~~

~~1604.04 — HOURS OF TRADING IN SO2 EMISSIONS OPTION CONTRACTS~~

~~The hours of trading in SO2 Emissions Option Contracts on the Exchange shall be the same as the hours of trading for SO2 Emissions Futures Contracts. All such trading shall take place within the venue and hours prescribed by the Exchange.~~

~~The SO2 Emissions Option Contracts are available for clearing on CPC during the hours prescribed by the Exchange.~~

~~1604.05 — STRIKE PRICES FOR SO2 EMISSIONS OPTION CONTRACTS~~

~~(a) — Trading shall be conducted for Option Contracts with strike prices in increments as set forth below.~~

~~(b) — On the first Business Day of trading in an Option Contract month, trading shall be at the following strike prices: (i) the previous day's settlement price for SO2 Futures Contracts in the corresponding delivery month rounded off to the nearest five dollar increment strike price (ii) the five five-dollar increment strike prices which are five increments higher than the strike price described in (i) of this Rule 1604.05(B) and (iii) the five five-dollar increment strike prices which are five increments lower than the strike price described in (i) of this Rule 1604.05(B).~~

~~(c) — Thereafter, on any Business Day prior to the expiration of the Option Contract, new consecutive strike prices for both puts and calls will be added such that there will be five increments above and below the at-the-money option.~~

~~(d) — Notwithstanding the provisions of subsections (a) through (c) of this Rule, if the Board determines that trading in SO2 Option Contracts will be facilitated thereby, the Board may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded in the first day in any new Option Contract month, the number of new strike prices which will be introduced on each Business Day or the period preceding the expiration of a SO2 Option Contracts in which no new strike prices may be introduced.~~

~~1604.06 — PRICES AND PRICE FLUCTUATIONS~~

~~Prices shall be quoted in dollar and cent (c) per allowance. The minimum price fluctuation is \$0.05 per allowance. A cabinet trade may occur at a price of \$1.00 per Contract.~~

~~1604.07 — ABSENCE OF PRICE FLUCTUATION LIMITATIONS FOR SO2 EMISSIONS OPTION CONTRACT~~

~~Trading in SO2 Emissions Option Contracts shall not be subject to price fluctuation limitations.~~