

TO: Clearing Member Firms; Back Office Managers

FROM: CME Clearing

ADVISORY #: 17-155

SUBJECT: **California Carbon Allowance Futures Delivery**

DATE: 26 April 2017

For the recently listed California Carbon Allowance (CCA) Futures, delivery shall comply with all requirements for the electronic transfer of allowances on the CITSS (Compliance Instrument Tracking System Service).

After termination of trading, clearing firms (both long and short) will submit delivery intents by 11:00 a.m. on the second business day after the final day of trading. CME Clearing will then provide Assignment Notice Reports to the respective clearing members notifying them of their delivery obligations.

Delivery shall take place on the third business day after the final day of trading, as follows:

- The seller's clearing member shall transfer allowances subject to delivery to the Clearing House holding account of the CITSS by 10:00 a.m. on the third business day after the final day of trading of the delivery month.
- The buyer's clearing member shall deposit / transfer payment equal to the full value of the product to the designated Clearing House bank account by 10:00 a.m. on the third business day after the final day of trading of the delivery month.
- For each buyer's clearing member that has satisfied its obligations of this rule, the Clearing House shall initiate the process of transferring the allowances to the buyer's clearing member's account at the CITSS by 12:00 p.m. on the third business day after the final day of trading of the delivery month.
- The buyer's clearing member shall receive allowances from the Clearing House holding account of the CITSS by 3:00 p.m. on the third business day after the final day of trading of the delivery month.
- For each seller's clearing member that has satisfied its obligations of this rule, the Clearing House shall pay the seller's clearing member full contract value by 3:00 p.m. on the third business day after the final day of trading of the delivery month.

The Exchange is a party to all deliveries and will receive allowances by electronic transfer from the seller's clearing member into the Clearing House holding account at the CITSS (Compliance Instrument Tracking System Service). Following receipt from the seller's clearing member, the

Exchange will deliver allowances from the Clearing House holding account to the CITSS holding account nominated by the buyer's clearing member.

Clearing firms must establish or have existing account(s) for California Carbon Allowances at CITSS to effectuate delivery and provide Clearing Deliveries with account information for deliveries. Participating firms must verify their account with CME Clearing prior to delivery. In the instance where a Clearing firm chooses to appoint a third party to act on its behalf, a designee form must be submitted to CME Clearing prior to delivery. Designees are appointed to perform the delivery obligations in accordance with the NYMEX rulebook (Rule 1253100). Designee forms can be obtained from CME Clearing Deliveries.

For a copy of the Designee form and for any further details, questions or concerns please contact Clearing Deliveries at 312-930-3172 or by email at clearinghousedelivteam@cmegroup.com.

For more information, please see below CCA fact card page:

<http://www.cmegroup.com/trading/energy/emissions/california-carbon-allowance-vintage-specific-futures.html>