

Chapter 1273 CBL Australian Carbon Credit Unit (ACCU) Futures

1273100. SCOPE OF CHAPTER

This chapter is limited in application to CBL Australian Carbon Credit Unit (ACCU) Futures. The procedures for trading, clearing, delivery and settlement not specifically covered herein or in Chapter 7 shall be governed by the general rules of the Exchange.

The provisions of these rules shall apply to all CBL Australian Carbon Credit Unit (ACCU) Futures bought or sold for future delivery on the Exchange with the delivery of carbon offset units that meet the ACCU Screening Criteria (as defined below).

The terms “seller” and “buyer” shall mean the seller of the physical product and the buyer of the physical product, respectively. Parties to the transaction may select a designee for making or taking delivery. The designee, if selected, must be the party’s clearing member. Any party utilizing a designee must submit designee information in such manner as prescribed by the Clearing House.

The term “ACCU Screening Criteria” shall mean the voluntary emissions offset unit screening criteria established under the CBL Standard Instruments Program to identify voluntary emission offset units as eligible for physical delivery under the ACCU spot contract as described under the schedule entitled “Australian Carbon Credit Unit (“ACCU”) Standard Spot Contract” and in compliance with the procedures set forth therein.

The term “ACCU Approved Registries” shall refer to the following registries:

1. Australian National Registry of Emissions Units (ANREU)

The term “CBL Market” shall mean the electronic platform, operated by CBL Market (USA) LLC, integrated with ACCU Approved Registries upon which accounts are established for market participants as account holders to transact in, hold and retire offset units.

1273101. CONTRACT SPECIFICATIONS

The CBL Australian Carbon Credit Unit (ACCU) Futures contract physically delivers Australian Carbon Credit Units (“ACCU”) that meet ACCU Screening Criteria.

1273102. TRADING SPECIFICATIONS

Trading in the CBL Australian Carbon Credit Unit (ACCU) Futures is regularly conducted in all calendar months. The number of months open for trading at a given time shall be determined by the Exchange.

1273102.A. Trading Schedule

The hours for trading shall be determined by the Exchange.

1273102.B. Trading Unit

The contract unit shall be one thousand (1,000) ACCUs meeting ACCU Screening Criteria for delivery made by transfer through the CBL Market. Each contract shall be valued as the contract quantity (1,000) multiplied by the settlement price.

1273102.C. Price Increments

Prices shall be quoted in Australian dollars and cents per unit. The minimum price fluctuation shall be 0.01 Australian dollars per unit (A\$10 per contract).

1273102.D. Special Price Fluctuation Limits

At the commencement of each trading day, the contract shall be subject to special fluctuation limits as set forth in Rule 589 and in the Special Price Fluctuation Limits and Daily Price Limits Table in the Interpretations & Special Notices Section of Chapter 5.

1273102.E. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

1273102.F. Termination of Trading

Trading shall cease at the end of trading hours (5:00 p.m. Australian Eastern Standard Time (AEST) or 5:00 p.m. Australian Eastern Daylight Time (AEDT) when daylight saving time is observed) on the last Australian business day that is also an Exchange business day prior to the 10th calendar day of the contract month. Any contracts remaining open after the last day of trading must be:

- (a) Settled by delivery, which shall take place no later than the fourth business day after the termination of trading for the contract month that is an Exchange and Australian business day, or
- (b) Liquidated by means of a bona fide Exchange for Related Position (EFRP), pursuant to Exchange Rule 538. An EFRP is permitted in the expiring futures contract no later than 2:00 p.m. Eastern Prevailing Time (EPT) on the Exchange business day after the termination of trading of the expiring futures contract. An EFRP which establishes a futures position for either the buyer or the seller in an expired futures contract shall not be permitted following the termination of trading of an expired futures contract.

1273102.G. Final Settlement

The final settlement price for the delivery month shall be the CBL-Platts Australian Carbon Credit Unit ("ACCU") price on the last trade date. The final settlement price shall be the basis for delivery.

1273103. DELIVERY

CBL Australian Carbon Credit Unit (ACCU) Futures contract deliveries shall comply with all requirements for the electronic transfer of offset units on CBL Market. Notwithstanding the use of a designee, all clearing members will remain ultimately responsible for performance of all applicable contract terms specific to the seller's clearing members and buyer's clearing members.

1273104. DELIVERY PROCEDURES

CBL Market is a transfer agent contracted by its account holders to facilitate the transfer of emissions offset units and payment. Deliveries against expiring contracts shall be by book-entry transfer. The seller's and buyer's clearing member is required to verify that its customer as a buyer or seller, holds a registry account with the ACCU Approved Registry included in the ACCU Screening Criteria, the account can transfer offset units and receive offset units and seller has identified a bank account to CBL Market.

The seller shall transfer offset units that meet ACCU Screening Criteria to the designated registry account. The buyer must instruct and remit funds in AUD for delivery into the designated cash account. The transfer agent will then transfer the appropriate funds to the seller and the appropriate number of offset units meeting ACCU Screening Criteria to the buyer. Upon receipt of transfer confirmation from the clearing member, the clearing house will release the delivery margins.

All rights, title, and interest in and to, and risk of loss related to, the offset units will transfer upon receipt in the applicable ACCU Approved Registry account.

Seller, buyer, and CBL Market shall always obtain and adequately maintain systems and technology as may be necessary in order to comply with CBL or any ACCU Approved Registries rules. The Exchange may make amendments to delivery and timing of delivery, which may have a material impact on the contract, and will notify the Clearing Members of such amendments resulting from amendments to any ACCU Approved Registries requirement. These amendments include, but are not limited to, amendments to the ACCU eligible emissions unit programs and specific unit criteria. For the avoidance of doubt, the Exchange has discretion, but not an obligation, to make amendments to its rules in such instances.

By transferring offset units through the transfer agent, the seller or the seller's clearing member represents and warrants that, at the time of delivery, it has good and marketable title to such offset units, and that such offset units are free and clear of all liens, security interests, claims, encumbrances and adverse claims.

1273104.A. Responsibilities of Clearing Members

1. Notice of Intention to Accept

Clearing members having open long positions shall provide the Clearing House with a Notice of Intention to Accept delivery by 3:00 p.m. Eastern Prevailing Time (EPT) on the first Exchange business day after the Last Trading Day. The Notice of Intention to Accept shall provide number of contracts, Registry account, CBL related ANREU sub-account and any other information required by the Exchange.

2. Notice of Intention to Deliver

Clearing members having open short positions shall provide the Clearing House with a Notice of Intention to Deliver by 3:00 p.m. Eastern Prevailing Time (EPT) on the first Exchange business day after the Last Trading Day. The Notice of Intention to Deliver shall provide number of contracts, Registry account, CBL related ANREU sub-account and any other information required by the Exchange.

3. Delivery Instructions

Upon receipt from the Exchange to Clearing Members of an assignment notice, Clearing Members shall submit delivery instructions by 4:00 p.m. Eastern Prevailing Time (EPT) to the Clearing House in a form as prescribed by the Clearing House.

1273104.B. Final Settlement Price

The final settlement price shall be the basis for delivery.

1273104.C. Assignment Day

The Clearing House shall allocate Notices of Intention to Accept and Notices of Intention to Deliver, on the first Exchange business day after the final day of trading, by matching positions, to the extent possible.

The Clearing House shall also provide Assignment Notice Reports to the respective clearing members on the first Exchange business day after the final day of trading.

1273105. TIMING OF DELIVERY

For purposes of this Rule 1273105:

"Delivery Period" shall mean the time between the final day of trading and the fourth business day following the last day of trading that is an Exchange and Australian business day.

Delivery shall take place by the last day of the Delivery Period, which unless extended is the second Exchange business day after the Assignment Day. Should the ACCU Approved Registries or CBL Market be inoperable during the delivery period, the Exchange shall have the option to extend the Delivery Period by an additional business day at the Registries, CBL Market, and Exchange.

1. The seller or the seller's clearing member shall transfer offset units subject to delivery to their respective CBL Market account by 10:00 a.m. Australian Eastern Standard Time (AEST), or 10:00 a.m. Australian Eastern Daylight Time (AEDT) when daylight saving time is observed,

on the third business day following the last day of trading that is an Exchange and Australian business day.

2. The buyer or the buyer's clearing member shall deposit / transfer payment equal to the full value of the product to their designated CBL Market account by 10:00 a.m. Australian Eastern Standard Time (AEST), or 10:00 a.m. Australian Eastern Daylight Time (AEDT) when daylight saving time is observed, on the third business day following the last day of trading that is an Exchange and Australian business day.

3. The buyer or the buyer's clearing member shall receive offset units from CBL Market by 1:00 p.m. Australian Eastern Standard Time (AEST), or 1:00 p.m. Australian Eastern Daylight Time (AEDT) when daylight saving time is observed, on the fourth business day following the last day of trading that is an Exchange and Australian business day.

4. For each seller or seller's clearing member that has satisfied its obligations under subsection (1) of this rule, CBL Market shall pay the seller's clearing member full contract value by 1:00 p.m. Australian Eastern Standard Time (AEST), or 1:00 p.m. Australian Eastern Daylight Time (AEDT) when daylight saving time is observed, on the fourth business day following the last day of trading that is an Exchange and Australian business day.

1273106. DELIVERY MARGINS AND PAYMENT

1273106.A. Definitions

For purposes of this Rule 1273106:

"Payment Date" shall mean the date on which the CBL Market transfers Payment in connection with a delivery to the seller. If the seller selects a designee, the CBL Market shall transfer Payment in connection with a delivery to the seller's designee.

"Payment" shall include the final settlement price times the number of contracts times one thousand (1,000).

1273106.B. Margin

The buyer's Clearing Member and seller's Clearing Member shall deposit with the Clearing House margins in such amounts and in such form as required by the Clearing House. Such margins shall be returned on the Exchange business day following notification to the Exchange that delivery and Payment have been completed.

1273106.C. Payment

Any Payment made on the Payment Date shall be based on offset units that the seller's Clearing Member is obligated to deliver pursuant to the applicable delivery.

In the event that delivery cannot be accomplished because of a failure of the CBL Market wire, or because of a failure of either the buyer, the buyer's designee, the seller, or the seller's designee, delivery shall be made before 9:30 a.m. Australian Eastern Standard Time (AEST), or 9:30 a.m. Australian Eastern Daylight Time (AEDT) when daylight saving time is observed on the next business day on which the CBL Market wire, or bank access to it, is operable.

1273107. VALIDITY OF DOCUMENTS

The Exchange makes no representation with respect to 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.

