

the minimum \$ requirement specified in each alternative, equals 100% (e.g., \$1 million in securities owned and \$100,000 in futures margin and premiums).

A Participant must immediately notify the Exchange or the Regulatory Service Provider, if any, if it no longer meets the financial requirements of 3.4.1 (a), (b) or (c) above.

3.4.2 Each Participant that is registered with the CFTC as an FCM and each FCM Clearing Member must:

- (a) comply with the minimum financial and related reporting requirements of Commission Regulations, including Commission Regulations 1.10, 1.12, 1.17 and 1.18;
- (b) comply with the customer funds segregation requirements of Commission Regulations 1.20 through 1.30, 1.32 and 1.49; and
- (c) file with the Exchange and the Regulatory Services Provider, if any, a copy of any notice or written report that it is required to file with the Commission pursuant to Commission Regulations 1.10 or 1.12.

3.4.3 A Participant that is registered with or authorized or supervised by a Governmental Authority shall comply with the rules and regulation of such Governmental Authority relating to minimum financial and related reporting and recordkeeping requirements and shall provide to the Exchange and to the Regulatory Services Provider, if any, a copy of such Participant’s regulatory capital report, reasonably contemporaneously with the filing of such report and substantially in the form such report was filed with such Governmental Authority. A Participant that is not subject to such filing requirements shall provide the Exchange with such financial information as the Exchange may require from time to time.

3.4.4 A Participant that is not registered with the CFTC, or registered with or authorized or supervised by a Governmental Authority other than the CFTC, shall submit to the Exchange upon its request annual audited financial statements for the Participant or, if applicable, its parent company certified by a certified independent public accountant (or by a Person having similar qualifications if the Participant’s books of account are kept outside the United States) within ninety calendar days of the Participant’s fiscal year-end.

3.5 Requirements for Participants engaging in the physical delivery of California Low Carbon Fuel Standard (“LCFS”) and Oregon Clean Fuels Program (“Oregon CFP”) futures contracts

3.5.1 The Exchange may establish such requirements and conditions for approval of eligible deliverers as it deems necessary. Participants wishing to engage in physical delivery of LCFS or Oregon CFP, must meet the relevant eligibility criteria set forth below as well as those provided in the Participant Application to Physically Deliver on the respective contracts. To engage in physical delivery of IncubEx California Low Carbon Fuel Standard (“LCFS”) futures contracts, Participants must meet the eligibility criteria set forth below as well as provided in the Participant Application to Physically Deliver California LCFS Futures(see 3.5.3 below).

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

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

3.5.2 In addition to the Participant criteria set forth in Rules 3.3 and 3.4, each Participant who engages in the physical delivery of California LCFS and Oregon CFP futures contracts must maintain the requirements set by the Exchange.

3.5.3 Each Participant who engages in physical delivery of California LCFS and Oregon CFP futures contracts must complete the Participant Application to Physically Deliver California LCFS and Oregon CFP Futures Contracts and subsequently be approved by the Exchange.

- 3.5.4 Each Participant who meets the qualifications to engage in the physical delivery of LCFS and Oregon CFP credits as a Participant seller consents that the Exchange may name the Participant on an eligible deliverer list, which may be made available to Participants in California LCFS and Oregon CFP futures contracts upon request. The Exchange reserves the right to remove Participants from the eligible deliverer list at any time. Eligible deliverers will be reviewed as needed and at minimum at a frequency commensurate with delivery. Any Participant wishing to become an eligible deliverer may apply at any time. No additional eligible deliverers will be added to the list within the contract expiration month.
- 3.5.5 A Participant seller who does not meet the requirements of Rule 3.5 will not be eligible to engage in physical delivery of California LCFS and Oregon CFP futures contracts. A Participant seller not eligible to deliver LCFS and Oregon CFP futures contracts must ensure all of its expiration month positions in LCFS and Oregon CFP futures contracts have been closed at the latest on the fifth business day before the first delivery day of the expiring contract.
- 3.5.6 If a Participant fails to comply with Rule 3.5.5, Nodal Exchange may use any and all measures to close the positions, which are ineligible for delivery. This would occur without prior notification and at the expense of the Participant.

3.6 Duties and Responsibilities of Participants

- 3.6.1 Each Participant shall, and shall cause its Authorized Users to:
- (a) access the Exchange in a responsible manner and not for any improper purpose;
 - (b) access the Exchange only to conduct business that is subject to the Rules and the Exchange Requirements and in a manner consistent with the Rules and the Exchange Requirements;
 - (c) comply with the Rules and the Exchange Requirements and act in a manner consistent with the Rules and the Exchange Requirements;
 - (d) comply with the rules of the Clearing House that accepts for clearing a Nodal Contract traded by the Participant on the Exchange, to the extent applicable to such Participant and such Nodal Contract;
 - (e) observe high standards of integrity, market conduct, commercial honor, fair dealing, and just and equitable principles of trade while conducting or seeking to conduct any business connected with or concerning the Exchange;