ALBERTA TIER FUTURES CONTRACTS
POST-DELIVERY INVALIDATION PROCEDURES

Following physical delivery of Alberta TIER futures contracts, any obligations related to the replacement of deficient or invalid delivered products underlying Alberta TIER futures contracts will be remedied by the Participant seller ("Seller") and Participant buyer ("Buyer") according to the procedures in this Form of Alberta TIER Futures Contracts Post-Delivery Invalidation Procedures ("Procedures").

Post-Delivery Invalidation Procedures:

These Procedures are post-delivery, bilateral obligations that apply exclusively between the Seller and Buyer. The Exchange and its Clearing House are neither parties to, nor third party beneficiaries of, any terms and conditions agreed upon between Seller and Buyer pursuant to the procedures described below. Furthermore, the Exchange and its Clearing House have no obligations or liabilities hereunder and bear no responsibility for the enforcement or performance of any provision hereof. All obligations of the Exchange and Clearing House with respect to the delivered products are fully discharged upon completion of delivery of the associated futures contract(s) pursuant to Exchange and Clearing House Rules.

1. At the time of delivery and for delivered products underlying Alberta TIER futures contracts, should the Buyer and Seller ("Seller") have a master agreement for purchase and sale of such delivered products in place, the terms of that agreement shall apply with respect to the remedy of those delivered products which need to be replaced after delivery.

2. At the time of delivery and for delivered products underlying Alberta TIER futures contracts, should the Buyer and Seller not have a master agreement for purchase and sale of such delivered products in place, the Buyer and Seller attest that the representations and warranties regarding the remedy of post-delivery invalidation of delivered products underlying Alberta TIER futures contracts provided in Section 2 of these Procedures, below, are true and correct.

   A. If within three years of the Delivery Day, the Governmental Authority determines that any Transferred Credits (defined below) do not, or no longer, constitute valid Emissions Credits (hereafter, a "Revoked Credit"), except for the case provided in Section 2(C) of these Procedures, the Seller shall, at the Seller's sole discretion, either:

      1) Replace such Revoked Credits with Replacement Credits; or

      2) Pay, directly to the Buyer, the Replacement Cost times the quantity of Revoked Credits.

   B. The Seller shall provide the Replacement Credits or Replacement Cost as follows:

      1) Within thirty (30) days of the Buyer notifying the Seller of any

Revoked Credits, including the number of Revoked Credits or, if the Seller is the party notified of the Revoked Credits by any Governmental Authority, within thirty (30) days of the Seller's receipt of such notice; or

2) In the event the Revoked Credit invalidation occurs within the same month of the Annual Compliance Deadline referenced in the Regulation, then such Replacement Credits or Replacement Cost shall be provided the earlier of within seven (7) days from the notice referenced in Section 2(B)(1) of these Procedures or the day prior to the Annual Compliance Deadline.

C. The Seller shall provide Replacement Credits or Replacement Cost for Revoked Credits unless:

1) A Governmental Authority renders the delivery or receipt of Emissions Credits illegal, unconstitutional, or impossible, including repeal or material change to the Regulation or the issuance by a Governmental Authority of an order, decision, or other legally binding action that enjoins, stays or otherwise restrains the legal effectiveness or implementation of the Regulation, unless that part of the Regulation with respect to Emission Credits has been replaced and superseded materially in its entirety with a compliance obligation for which delivery and receipt of Emission Credits is permitted pursuant to Appliable Law to be used for compliance therewith. Action by a Governmental Authority specifically excludes an action of a court having jurisdiction over the bankruptcy of the Buyer and/or Seller.

D. **Definitions.** Definitions not defined herein and otherwise included above adopt the definitions provided by the Nodal Clear or Nodal Exchange Rulebooks, as applicable.

1) ***Annual Compliance Deadline*** means the regulatory reporting deadline date as defined in the Regulation (as defined below).

2) ***Delivery Day*** means the third Business Day following the Last Trading Day of an applicable TIER Futures Contract.

3) ***Emissions Credits*** means delivered products underlying Alberta TIER futures contracts, as specified in the referenced contract.

4) ***Governmental Authority*** means the applicable Emissions Credit regulator in the province of Alberta, Canada, which is the Government of Alberta's Ministry of Environment and Protected Areas and any predecessor or successor Ministry as may be applicable by the context;

5) ***Regulation***, or ***TIER***, means the Technology Innovation and Emissions Reduction Regulation, 133/2019 as made under the Emissions Management and Climate Resilience Act, S.A. 2003, c. E-7.8, both as

such may be amended or replaced from time to time.

6) ***Replacement Cost*** means the daily settlement price of the Emissions Credits, as published by Nodal Exchange, on the Business Day following the Day on which the Buyer is notified of the Revoked Credits (defined below). Where the equivalent Emissions Credit is no longer listed on Nodal Exchange, the referenced price shall be the daily settlement price of the Emissions Credit of the current vintage and December expiration. Where Nodal Exchange has no Emissions Credits of any vintage listed, the Replacement Cost shall be the current market price of the Transferred Credits or similar Replacement Credits (defined below), as quoted by two independent brokers active in the Emissions Credit market.

7) ***Replacement Credits*** means Emission Credits, as defined by the subject contract, of similar quality and nature and the same vintage year or a vintage year that provides for the same or longer time for use based on the credit expiry timeline of the Transferred Credits (defined below).

8) ***Revoked Credits*** has the meaning set forth in Section (2)(A) of these Procedures.

9) ***Transferred Credits*** means the Emissions Credits transferred from the Seller to the Buyer for the purpose of fulfilling the delivery obligations arising from the expiration of the subject Alberta TIER futures contract.