

SECTION III CLEARING

3.20 Initial Margin; Additional Margin

3.20.1 Each Clearing Member shall deposit with or pay to the Clearing House Initial Margin for each cleared Nodal Contract in such amounts, in such forms, at such times and in accordance with such systems as may be prescribed by these Rules or by the Board. Initial Margin requirements shall be as determined by the Clearing House from time to time. Initial Margin requirements shall be calculated on a gross basis for each Customer, and Clearing Members are not permitted to net positions of different Customers against one another. Clearing Members shall collect Initial Margin from their Customers, for non-hedge positions, at a level that exceeds the Initial Margin amount determined by the Clearing House by such amount as the Clearing House shall specify from time to time. For Nodal Contracts that are options, the Clearing House will determine option value for each option and the net option value of each portfolio. For a settlement cycle, (i) if the net option value of the portfolio is positive, such amount may be used to satisfy ~~initial margin~~Initial Margin requirements for the portfolio, (ii) if the net option value of a portfolio is negative, such amount will increase the ~~initial margin~~Initial Margin requirements for the portfolio. For Physically Settled Nodal Contracts, Delivery Margin is a component of Initial Margin.

SECTION IX PHYSICAL SETTLEMENT AND DELIVERY

9.3.4 Delivery under a Nodal Deliverable US Environmental Contract is based on open positions after expiration of the relevant Physically Settled Nodal Contract. Delivery is a three Business Day process consisting of three Business Days, as provided in the table below:

All times are to U.S. Eastern Prevailing Time			
T	Last Trading Day of the Nodal Contract	COB	<p>The Clearing House will make delivery assignments, matching Participant buyers to Participant sellers for the purposes of Physical Settlement, and will issue Tender and invoice notices to the impacted Participants and responsible Clearing Members.</p> <p>The Clearing House will calculate Initial Margin for Nodal Deliverable US Environmental Contracts for each Participant and include it in the end of day (“EOD”) Margin requirements of their Clearing Members.</p>
T+1	Position Day		Initial Margin is collected as part of the EOD Margin run. It is held in each subsequent Margin run (midday and EOD) until Physical Settlement.
T+2	Notice Day	By 13:00	Clearing House receives notice whereby Participant buyer provides Participant seller with information of the account at the Registry to which Allowances are to be transferred.
T+3	Delivery & Payment Day	Delivery by 12:3013:00	<p>The Clearing Member shall ensure that the Participant seller has electronically submitted the transfer instructions in respect of all Allowances required to be transferred pursuant to the Nodal Deliverable US Environmental Contract to the relevant Registry.</p> <p>After fulfilling its delivery obligations, the Clearing Member for the Participant seller must confirm delivery as completed via the Clearing System.</p>
		Following Delivery	Following receipt of required Allowances, the Clearing Member for the Participant buyer must confirm delivery as completed via the Clearing System. Such

			<p>confirmation will constitute a representation and warranty from the Clearing Member to the Clearing House that the Participant buyer has received delivery of all required Allowances pursuant to the Nodal Deliverable US Environmental Contract under delivery, and that the Clearing Member is not aware of any dispute relating to the Allowances that have been delivered.</p>
		<p>Following Confirmation</p>	<p>Following confirmation by the respective Clearing Member(s) for the Participant seller and the Participant buyer that delivery has been completed, payments will be processed as part of the midday Margin run on the same day as the delivery confirmation.</p> <p>If the Clearing House receives delivery confirmation after 12:30 PM on the delivery & payment day<u>Delivery & Payment Day</u> or any subsequent day, it will be treated as if it were received on the next Business Day and payments to the Clearing Member for the Participant seller shall be delayed accordingly.</p>