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# **Chicago Climate Futures Exchange, LLC**

## **Delivery Procedures**

**California Climate Action Registry - Climate Reserve Tons Futures**

**Version 1.3**

**April 2009**

## **Overview**

This document addresses the delivery process for the following Chicago Climate Futures Exchange, LLC (“CCFE”) product:

California Climate Action Registry - Climate Reserve Tons Futures (CCAR-CRT)

Contract specifications for this product may be found on the Chicago Climate Exchange website at [http://www.ccfex.com/about\\_ccfe/products.html](http://www.ccfex.com/about_ccfe/products.html) and in the CCFE rulebook, also available on the website at [http://www.ccfex.com/membership\\_ccfe/rulebook.html](http://www.ccfex.com/membership_ccfe/rulebook.html).

Delivery will occur only at the expiration of a contract. Market participants holding positions at the expiration will be required to participate in the delivery process. The Clearing Corporation (“CCorp”), CCFE’s clearing service provider, will assign deliveries between clearing firms upon the expiration of a contract.

## **Eligibility to Participate in the Delivery Process**

For CCFE CCAR-CRT futures products delivered into the Climate Action Registry, CCFE clearing and non-clearing members and all their market participants that make or take delivery of CCAR CRT futures products must have a Climate Action Reserve account.

A Climate Action Registry account can be established by clicking “Register Here” at: <https://thereserve1.apx.com/mymodule/mypage.asp>

Questions about establishing a Climate Action Registry account should be directed to: (213) 891-1444 or [info@climateregistry.org](mailto:info@climateregistry.org).

## **Delivery Process for Futures Contracts**

Delivery is a three-day process consisting of Position Day, Notice Day and Delivery Day, which occur over three consecutive business days. See Exhibit A for a delivery example.

### **Position Day**

Clearing Members must report their long futures positions to CCorp on the first business day following a CCAR-CRT futures contract expiration day, which must be reported in the time frame and format required by CCorp.

CCorp assigns the buyer clearing member to the seller clearing member and provides the following details: delivery notice, e.g. number of contracts, delivery price (expiration day’s settlement price) and delivery value.

### **Notice Day**

CCorp notifies buyers and sellers of delivery assignments no later than the business day following the Position Day. (May occur at close of business on the applicable Position Day.)

The assigned CCFE clearing members will exchange the following information:

1. The seller clearing member provides to the buyer clearing member(s) a description of the underlying CCAR-CRT projects to be delivered.
2. The buyer clearing member(s) will provide the following information to the seller clearing member:
  - CCFE Clearing Member's or its customer's Climate Action Registry Account #
  - Email address and phone number

CCCorp will invoice payment instructions to the respective buyer clearing member(s) for the full contract value based upon the expiration day settlement price.

### Delivery Day

#### A. Buyer Clearing Member Pays for Delivery

At 6:40 a.m. CT, CCorp will issue payment instructions to the buyer clearing member for the full contract value in a means and manner prescribed by CCorp.

#### B. Positions

CCCorp removes delivery positions from margined positions.

#### C. Delivery

No later than 3:00 p.m. CT, the seller clearing member or its customer must electronically submit the transfer instructions via the Climate Action Registry, which is available 24 hours a day, 7 days a week.

The Climate Action Registry requires the Buyer to confirm the transfer in order for the delivery to be completed.

The Buyer should select to issue an email confirmation of the project transfers to the seller clearing member (or its customer depending on which party placed the instruction) and buyer clearing member (or its customer's depending on the Climate Action Registry account number provided for receiving the allowances).

#### D. Confirmation of Delivery to CCorp

The CCorp delivery confirmation requirements are as follows.

- The buying clearing member will create a separate CCFE Receipt of Delivery Confirmation form for each selling clearing member that provided delivery.
- No money will be released to the selling clearing member for any transfers not contained on the confirmation document.
- This form should be completed electronically and e-mailed to CSS at [css@clearingcorp.com](mailto:css@clearingcorp.com) or faxed to 312-986-3444 and should be sent to CCorp by an authorized individual known by CSS. The buyer clearing member should contact CSS via telephone at 312-786-5718 to verify receipt of the e-mail.  
*CSS reserves the right to contact the buying clearing member to verify the validity of any form received from the buying clearing member.*

### **Payment**

CCorp will release the delivery proceeds to the seller clearing member on the following schedule:

- Confirmation documents received at CCorp by 12:30 p.m. will result in money released at midday. This time may be adjusted earlier if CCorp runs its midday process earlier.<sup>1</sup>
- Confirmation documents received after 12:30 will result in money being released for end of day.
- If a confirmation document is not received at CCorp by 4:00 p.m. on the delivery day, the money will NOT be released to the Selling CP. The Buying CP should contact CCorp and CCFE ASAP if this deadline cannot be met. Failure to authorize the release of money on delivery day will be considered to be a default on delivery and will be referred to CCFE.

The CCFE Receipt of Delivery form is located at:

<http://www.clearingcorp.com/clearingmembers/SpecialForms/CCFE-Receipt-of-Delivery-Confirmation.html>

### **Delivery Disputes and Resolutions**

The CCFE Rulebook and Member Advisories address delivery disputes and resolutions.

### **Delivery Fees**

CCFE and CCorp may assess transaction fees to CCFE clearing members for delivery transactions. Communication of such fees will be through CCFE Member Advisories and CCorp's communication process.

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<sup>1</sup> On occasion, at CCorp's discretion, Mid-day Variations may be run earlier than CCorp's regularly scheduled mid-day settlement. CCorp will release delivery proceeds to a selling clearing member during the earlier mid-day settlement provided that CCorp receives the applicable confirmation sufficiently prior to the earlier mid-day settlement. Otherwise, CCorp will release the delivery proceeds at the 6:40 a.m. CT on the next business day.



3. Clearing Member A must have 100 contracts worth of deliverables in its (or its customers) Eligible Registry(ies) account(s) by the close of business on Notice Day for delivery the next day. Clearing Member B must have 30 contracts worth of deliverables in its (or its customers) Eligible Registry(ies) account(s) by the close of business on Notice Day for delivery the next day.

#### Delivery Day

1. CCorp issues payment instructions to the respective buying clearing members for full contract value from Clearing Member A and B based on final settlement price.
2. By 3:00 p.m. CT, Clearing Member A and B submit electronic transfer instructions to the Eligible Registry(ies). (Instructions include e-mail contact information for seller and buyer clearing members.)
3. Eligible Electronic Registry sends both parties (Clearing Members A and B) e-mail confirmation of transfer.
4. Buyer clearing member submits CCFE Receipt of Delivery Confirmation to CCorp.

#### Payment

CCorp remits delivery proceeds to Clearing Member A and B's non-segregated settlement account.



Chicago Climate Futures Exchange

**Appendix B**

**CHICAGO CLIMATE FUTURES EXCHANGE, LLC  
Climate Reserve Tons  
DELIVERY INSTRUCTIONS**

Date:  
Futures Contract: CCAR-CRT

Year \_\_\_\_\_  
Specific Vintage \_\_\_\_\_  
(if applicable)  
Quantity \_\_\_\_\_

Seller Clearing Member Name: \_\_\_\_\_

Vintage(s) to be Delivered:

<u>Vintage</u>	<u>Project</u>	<u>Quantity</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
Total Quantity		_____

Seller Clearing Member Representative: \_\_\_\_\_  
Phone Number \_\_\_\_\_  
Fax Number \_\_\_\_\_

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Buyer Clearing Member Name: \_\_\_\_\_

Account # \_\_\_\_\_

Email \_\_\_\_\_

Phone # \_\_\_\_\_

Fax # \_\_\_\_\_

Buyer Clearing Member Representative: \_\_\_\_\_  
(If different from above)  
Phone Number \_\_\_\_\_  
Fax Number \_\_\_\_\_