

EXHIBIT L

Core Principles

Attach as Exhibit L, a narrative and any other form of documentation that may be provided under other Exhibits herein, that describes the manner in which the Applicant is able to comply with each core principle. Such documentation must include a regulatory compliance chart setting forth each core principle and providing citations to the Applicant's relevant Rules, policies, and procedures that address each core principle. To the extent that the application raises issues that are novel or for which compliance with a core principle is not self-evident, include an explanation of how that item and the application satisfy the core principles.

All capitalized terms used in this Exhibit L and not defined have the meanings ascribed in the Rulebook, which is included as Exhibit M to this Application. All references to "Rules" contained in this Exhibit are references to the Rules of the Exchange's Rulebook.

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| <p>Sec. 5(a) Applications – "A board of trade applying to the Commission for designation as a contract market shall submit an application to the Commission that includes any relevant materials and records the Commission may require consistent with the Act."</p> | <p>The Environmental Exchange, Inc. ("TEX") is submitting Form DCM and exhibits thereto (the "Exhibits") dated April 17, 2023 in accordance with 17 C.F.R. Part 38, Appendix A as an application for designation as a contract market (the "Application").</p> | <p>All materials submitted with the Application.</p> |
| <p>Sec. 5(d) Core Principles for Contract Markets</p> | | |
| <p>Core Principle 1 – Designation as Contract Market: (a) <i>In general.</i> To be designated, and maintain a designation, as a contract market, a board of trade shall comply with:</p> <p style="padding-left: 40px;">(1) Any core principle described in section 5(d) of the Act, and</p> <p style="padding-left: 40px;">(2) Any requirement that the Commission may impose by rule or regulation pursuant to section 8a(5) of the Act.</p> <p>(b) <i>Reasonable discretion of the contract market.</i> Unless otherwise determined by the Commission by rule or regulation, a board of trade described in paragraph (a) of this section shall have reasonable discretion in establishing the manner in which the board of trade</p> | <p>TEX is applying for registration as a Designated Contract Market ("DCM") by submitting Form DCM (the "TEX Application"). Once registered, TEX will comply with the DCM Core Principles. As demonstrated in this Application, TEX has drafted its Rulebook and Market Supervision Manual, and has designed TEX's operations to be compliant with the DCM Core Principles and the Commodity Exchange Act, as amended ("CEA") and other applicable Commodity Futures Trading Commission ("CFTC") Regulations promulgated thereunder.</p> | <p>TEX Application, including all attachments and Exhibits.</p> |

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| <p>complies with the core principles described in this subsection.</p> | | |
| <p>Core Principle 2 – Compliance with Rules: (a) <i>In general.</i> The board of trade shall establish, monitor, and enforce compliance with the rules of the contract market, including:</p> <p>(1) Access requirements;</p> <p>(2) The terms and conditions of any contracts to be traded on the contract market; and</p> <p>(3) Rules prohibiting abusive trade practices on the contract market.</p> <p>(b) <i>Capacity of contract market.</i> The board of trade shall have the capacity to detect, investigate, and apply appropriate sanctions to any person that violates any rule of the contract market.</p> <p>(c) <i>Requirement of rules.</i> The rules of the contract market shall provide the board of trade with the ability and authority to obtain any necessary information to perform any function described in this section, including the capacity to carry out such international information-sharing agreements, as the Commission may require.</p> | <p>The front cover of the Rulebook clearly sets forth, and Rule 301 repeats, that any Person who directly or indirectly accesses the Platform agrees to be bound by the Rulebook and be subject to the jurisdiction of the Exchange. The term "Person" broadly encompasses all Market Participants and their traders. Rule 601 clearly states that all Persons subject to the jurisdiction of the Exchange are subject to the disciplinary rules in Chapter 6. The authority of the Exchange Compliance Department to investigate matters within its jurisdiction and the obligations of each Person to cooperate with such investigations are set forth in Rule 602. Chapter 4 sets forth Obligations of Participants and other Subject Persons, which include certain disclosure obligations to the Exchange pursuant to Rule 402. Under Rule 403, the Exchange may examine the systems, data and books and records of a Subject Person (which is either a Participant or a Sponsored Access Customer), or of any Person that is the subject of an investigation by the Exchange.</p> <p>Access to the Exchange will be granted in an impartial manner as described in connection with Core Principle 19 (Antitrust Considerations). The Board will review eligibility determinations and amendments to the Rules so as to prevent unfair discrimination among Participants. See also Core Principle 17 (Composition of Governing Boards of Contract Markets). The Chief Regulatory Officer ("CRO") in consultation with the Regulatory Oversight Committee ("ROC") will resolve potential conflicts of interest, as provided in Rule 209. See also Core Principle 16 (Conflicts of Interest). Rule 305 addresses requirements for access by Independent Software Vendors ("ISVs").</p> <p>Under Rule 310, fee information will be made available on the Web Site. The Exchange will not privately negotiate fees for access to its Platform and will set non-discriminatory fee classes in order to meet the impartial access requirement. The Exchange intends to implement a market maker program, which again will not discriminate against</p> | <p>Exhibit K (Dues, Fees, and Other Charges)</p> <p>Exhibit M (Rulebook)</p> <p>Exhibit N (Agreements/Contracts)</p> <p>Exhibit O (Market Supervision Manual)</p> <p>Exhibit P (Disciplinary and Enforcement Procedures, Alternative Resolution Dispute)</p> <p>Exhibit R (Rules Prohibiting Trade Practice Violations)</p> |

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| | <p>entities all meeting the same requirements. Any fees and market maker programs will be submitted for self-certification under CFTC Regulation 40.6 prior to being implemented.</p> <p>Chapter 5 of the Rulebook imposes an extensive set of restrictions designed to protect users of the Exchange from forms of abusive, disruptive, fraudulent, noncompetitive and unfair conduct and trade practices. See Core Principle 12 (Protection of Markets and Market Participants). Prohibited conduct and trade practice violations include:</p> <ul style="list-style-type: none"> • Rules 504 and 510 are catch all rules that make it a violation to engage in fraud, dishonorable or dishonest conduct, or in conduct which is inconsistent with just and equitable principles of trade (Rule 504), and Rule 510 prohibits acts detrimental to the Exchange. • Rule 505 prohibits engaging or attempting to engage in fraudulent acts, engaging in or attempting any scheme or device to defraud, deceive, trick or mislead in connection with or related to any activity on or through the Exchange or any activity related to any Clearing House. • Rule 506 prohibits fictitious transactions, wash transactions or non-competitive transactions, or executing any Order with knowledge of its nature as a fictitious transaction, wash, or non-competitive transaction (e.g. money passes). • Rule 507 prohibits disruptive trading practices. • Rule 508 prohibits directly or indirectly manipulating or attempting to manipulate, the price of any Contract. Corners and attempted corners are prohibited. • Rules 516, 517 and 527 prohibit withholding or trading ahead of Customer Orders. • Rule 518 prohibits trading against Customer Orders. • Rule 519 prohibits disclosing Customer Orders. • Rules 520 and 524 prohibit improper cross trading, pre-arranged | |

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| | <p>trading (pre-execution communication), accommodation trading.</p> <ul style="list-style-type: none"> • Rule 521 prohibits wash trading. <p>Suspected misconduct and trade practice violations will be investigated and prosecuted as summarized in connection with Core Principle 4 (Prevention of Market Disruption). As described in connection with Core Principle 4 (Prevention of Market Disruption), Chapter 6 of the Rulebook and Exhibit P sets forth the procedures and sanctions used in enforcing compliance with the rules of the Exchange and other obligations (including those under the CEA and regulations promulgated by the CFTC).</p> <p>The Exchange Compliance Department will have resources to detect and investigate rule violations. The Exchange intends to license the Validus software from Eventus to conduct market surveillance on a T+1 basis. Details regarding the capabilities and alert generation of this system can be found in Exhibit O (Market Supervision Manual).</p> <p>The ROC will prepare an annual report assessing, for the Board and CFTC, the regulatory program of the Exchange under Rule 208. This report will: (i) describe the self-regulatory program of the Exchange; (ii) set forth the expenses of the regulatory program; (iii) describe the staffing and structure of the same; (iv) catalogue Investigations and disciplinary actions taken during the year; and (v) review the performance of disciplinary committees and panels. The Exchange Compliance Department will perform automated trade surveillance and real-time market monitoring as described in connection with Core Principle 4 ("Prevention of Market Disruption"), below.</p> <p>The decision as to whether to cancel an executed trade or adjust the price of such a trade is addressed in Rule 541. The decision as to whether to initiate an Investigation will be made by the Exchange under Rule 605. The decision as to whether to impose sanctions and if so, the form such sanctions should take will be made by the Exchange under Rules 614 and 615. The decision as to whether to deny, revoke, or condition an application for Trading Privileges, or to become a Participant will be made by the Exchange under Rule 306. The Board will have the authority to review appeals of staff denials, and at its</p> | |

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| | <p>discretion, may appoint a committee for such purpose.</p> <p>Under Rule 602, the Exchange Compliance Department will commence an Investigation upon the receipt of a request from Commission staff or upon the discovery or receipt of information by the Exchange that, in the judgment of the Exchange Compliance Department, indicates a possible basis for finding that a violation has occurred or will occur. Under Rule 605, each Investigation will be completed in a timely manner, and absent mitigating circumstances, each Investigation will be completed within 12 months of being initiated. Under Rule 603, an Investigative Report will be prepared for every Investigation. Under Rule 603, an Investigation may be resolved through an informal disposition (including the issuance of a warning letter); such disposition will not constitute a finding of a violation or a sanction, however, the investigative report must include a copy of any warning letter and no more than one warning letter for the same potential violation may be issued to the same Subject Person during a rolling 12-month period.</p> <p>Rule 216 permits the Exchange to enter into information sharing agreements to coordinate surveillance with other markets as the Commission may require, as the Exchange determines necessary or advisable, or where the Exchange determines such arrangements exercise a legal or regulatory function under any Applicable Law or considers such arrangement to be in furtherance of the operation or duties of the Exchange under Applicable Law. TEX intends to join the Joint Compliance Committee ("JCC") upon designation. The JCC is a voluntary committee of Self-Regulatory Organizations. The JCC operates through its members to protect market integrity within and across the members' markets. It provides a forum to share information and ideas on regulatory topics of interest, as well as identify issues within the industry or elsewhere that may impact their markets, members or self-regulatory responsibilities.</p> | |

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| <p>Core Principle 3 – Contracts Not Readily Susceptible to Manipulation: The board of trade shall list on the contract market only contracts that are not readily susceptible to manipulation.</p> | <p>The Exchange will initially offer trading in Contracts that are cash settled (as per the Clearing Services Agreement in Exhibit N). The Exchange also intends to offer Contracts that are settled by physical delivery, only after further negotiant with the DCO that will clear for TEX. .</p> <p>Prior to the self-certification of any Contract for listing on the Exchange pursuant to CFTC Regulation 40.2, the Exchange will perform a review and analysis of the factors enumerated in Appendix C to Part 38 – Demonstration that a Contract is Not Readily Susceptible to Manipulation when designing both cash settled and physically settled contracts.</p> <p>All activity in the Contracts that will be listed for trading on the Exchange will be subject to monitoring and surveillance by the Exchange Compliance Department using Validus software licensed from Eventus. Specifically, the Exchange Compliance Department will monitor for market manipulation and various disruptive trading practices as indicated in Chapter 5 of the Rulebook and Exhibit O. Further, the Exchange will monitor and enforce position limits pursuant to Rule 532.</p> <p>Finally, the Rulebook restricts trading on the basis of non-public information. In particular, Rule 214 prohibits insiders (e.g., direct or indirect owners of the Exchange, its directors, officers, committee members, and employees) from trading in Contracts or related contracts absent prior written consent from the Exchange; and Rule 519 prohibits Persons from acting directly or indirectly on the basis of non-public Order information.</p> | <p>Exhibit M (Rulebook)</p> <p>Exhibit O (Market Supervision Manual)</p> |
| <p>Core Principle 4 – Prevention of Market Disruption: The board of trade shall have the capacity and responsibility to prevent manipulation, price distortion, and disruptions of the delivery or cash-settlement process through market surveillance, compliance, and enforcement practices and procedures, including:</p> | <p>Pursuant to Rule 208, the ROC will have the authority to monitor trading on the Exchange and the Exchange’s regulatory program for sufficiency, effectiveness and independence, and to oversee all facets of the Exchange’s regulatory program, including (A) trade practice and market surveillance; audits, examinations, and other regulatory responsibilities with respect to Clearing Firms and Participants, Sponsored Access Customers and their Supervised Person, and other agents of Participants (including ensuring compliance with, if applicable, financial integrity, financial reporting, sales practice,</p> | <p>Exhibit M (Rulebook)</p> <p>Exhibit O (Market Supervision Manual)</p> <p>Exhibit R (Rules Prohibiting Trade Practice Violations)</p> |

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| <p>(a) Methods for conducting real-time monitoring of trading; and</p> <p>(b) Comprehensive and accurate trade reconstructions.</p> | <p>recordkeeping, and other requirements); and the conduct of Investigations; (B) reviewing the size and allocation of the regulatory budget and resources, and the number, hiring, termination, and compensation of regulatory personnel; (C) supervising the CRO of the Exchange, who will report directly to the ROC; (D) recommending changes that would ensure fair, vigorous, and effective regulation; and (E) reviewing all regulatory proposals prior to implementation and advising the Board as to whether and how such changes may impact regulation.</p> <p>Chapter 5 of the Rulebook sets forth prohibited trading practices and business conduct. See itemization of these practices in Exhibit R.</p> <p>Subject to the oversight of the ROC, the CRO will oversee the monitoring, surveillance and other enforcement functions of the Exchange with the support of the Exchange Compliance Department pursuant to Rule 209. The Exchange Compliance Department will initially consist of the CRO, with additional supporting surveillance and compliance staff as deemed necessary. These functions will be supported by the Exchange's technology, which will collect, array and transmit bid, offer and trade data to Eventus. This will be supervised by the CRO. The Exchange Compliance Department will be responsible for trade practice and market surveillance, and will monitor trading on a real-time basis, with support from the exchange operations staff. The Platform has an application that allows the Market Operations team to monitor the market in real-time. Staff can view unaggregated order book data with detailed order information and an alert dashboard showing anomalous behaviors by Participants. Staff can view detailed history of orders from order entry in the system to the delivery of executed trades associated with the order to the clearing house. The TEX Market Oversight Manual further describes how the Exchange Compliance Department will enforce compliance with laws, regulations, and other obligations applicable to Clearing Firms, Participants, their representatives and other Persons subject to the jurisdiction of the Exchange.</p> <p>Chapter 6 of the Rulebook sets forth the disciplinary and enforcement process, which includes steps to inquire into, investigate, adjudicate and sanction potential rule violations within the disciplinary</p> | |

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| | <p>jurisdiction of the Exchange. The CRO, with assistance from the Exchange Compliance Department, the Disciplinary Panels and Appeal Panels, will take part in the prosecution and adjudication of potential violations of the Rules as described in Chapter 6.</p> <p>Under Rule 605, the CRO and a Review Panel will each decide whether a Notice of Charges should be issued on the basis of a completed Investigative Report. In the event there is a disagreement between the CRO and the Review Panel, it will be resolved by the ROC. If a Notice of Charges is issued, it will be served on the relevant respondent or its Authorized Representative and the Exchange will provide a statement of the obligation(s) violated by such respondent(s), the underlying facts, proposed sanctions, and the respondent's procedural rights pursuant to Rule 606. The Respondent will be able to answer a Notice of Charges pursuant to Rule 607 and/or seek a settlement pursuant to Rule 609. Charges that are not resolved through settlement will be resolved through a hearing in front of a Hearing Panel pursuant to Rules 611 and 613. Decisions of a Hearing Panel are to be issued based on the weight of evidence contained in the record pursuant to Rule 614 and may be appealed pursuant to Rule 616. If a violation is found, sanctions may be imposed pursuant to Rule 615. The Exchange also has authority to summarily impose fines pursuant to Rule 617 and institute emergency disciplinary actions (including suspensions) pursuant to Rule 618.</p> <p>In addition, the Exchange will provide a range of risk management functionalities. Prior to the Exchange granting access to its Platform to any Participant, the trades of such Participant must be guaranteed by a Clearing Firm pursuant to Rule 806. Such Clearing Firm must establish an initial set of risk limits for such Participant (and its Customers/Clients, if applicable). The Exchange provides an interface to each Clearing Firm that allows each such firm to administer the risk level and type of Contracts that the Clearing Firm will guarantee for its Participants and monitor its Participants' positions and trading activity. All Orders submitted to the Platform are subject to satisfying applicable risk controls prior to their acceptance by the Platform. Furthermore, the Platform contains configurable risk controls that can be placed on inbound orders to protect the integrity of the market. These include price limits/price banding, order size limits, self-trade</p> | |

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| | prevention, user validation and message throttling. The Exchange, together with its Technology Services Provider, will determine appropriate risk controls to implement prior to launch. | |
| <p>Core Principle 5 – Position Limitations or Accountability: To reduce the potential threat of market manipulation or congestion (especially during trading in the delivery month), the board of trade shall adopt for each contract of the board of trade, as is necessary and appropriate, position limitations or position accountability for speculators. For any contract that is subject to a position limitation established by the Commission, pursuant to section 4a(a), the board of trade shall set the position limitation of the board of trade at a level not higher than the position limitation established by the Commission.</p> | <p>Position limits and position accountability requirements will be imposed by the Exchange for speculators as necessary and appropriate under Rules 529 and 530. Rule 529 includes exemptions for certain qualified hedging transactions and sets forth applicable aggregation rules.</p> <p>The Exchange will have a number of tools to track traders' positions. These include reporting obligations applicable to large traders under Rule 531, as well as the monitoring of outstanding resting orders and accumulated positions by Contract by the Platform.</p> <p>The Exchange will sanction Market Participants for violating their obligations to observe position limits pursuant to Chapter 6. Such sanctions include revocation of Trading Privileges as provided for in Rule 306, or a Person's ability to otherwise access the Platform.</p> | Exhibit M (Rulebook) |
| <p>Core Principle 6 – Emergency Authority: The board of trade, in consultation or cooperation with the Commission, shall adopt rules to provide for the exercise of emergency authority, as is necessary and appropriate, including the authority:</p> <p>(a) To liquidate or transfer open positions in any contract;</p> <p>(b) To suspend or curtail trading in any contract; and</p> <p>(c) To require market participants in any contract to meet special margin requirements.</p> | <p>The Rulebook sets forth procedures for decision-making and emergency intervention in the market. Rule 212 of the Rulebook permits the ROC (or the CRO, if he or she determines that an Emergency Rule must be implemented before a meeting of the ROC may be reasonably convened) to adopt Emergency Rules that authorize or require the Exchange, Board, any Committee of the Board, or an Officer to take certain Emergency Actions. Such Emergency Actions include those under:</p> <ul style="list-style-type: none"> • Rule 212(a)(iv), which satisfies subsection (a) of Core Principle 6 by granting authority to liquidate or transfer open positions in any Contracts; • Rule 212(a)(i), which satisfies subsection (b) of Core Principle 6 by granting the authority to suspend or curtail trading in any Contract; and | Exhibit M (Rulebook) |

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| | <ul style="list-style-type: none"> • Rule 212(a)(vii), which satisfies subsection (c) of Core Principle 6 by granting the authority to require Participants to meet special margin requirements. <p>Other Emergency Actions under Rule 212 provide for authority to:</p> <ul style="list-style-type: none"> • extend or shorten the last trading date for a Contract; • provide alternative settlement mechanisms for any Contract (including by altering the settlement terms or conditions or fixing settlement price); • extend, shorten or change the trading hours or expiration date of any Contract; or • temporarily modify or suspend any provision of the Obligations. Emergency Actions under Rule 212 may be taken directly or through third party providers of clearing or regulatory services. <p>Under Rule 212(d), the Exchange is required to use reasonable efforts to notify the CFTC prior to implementing, modifying or terminating any Emergency Rule, and where prior notification is not possible or practicable, is required to notify the CFTC as soon as is possible or reasonably practicable. Under Rule 212(e), any decision to take Emergency Action shall be documented by the Exchange (and this documentation will describe the process for minimizing conflicts of interest applied to the decision and reasons for exercising emergency authority under Rule 212).</p> <p>In addition, certain circumstances may require disciplinary actions that do not conform to the full set of procedures provided for in Chapter 6. Such disciplinary actions (including suspensions) may be conducted under Rule 618 when the CRO reasonably believes that such Emergency Disciplinary Action is necessary to protect the best interest of the marketplace served by the Exchange.</p> <p>Emergency Actions taken pursuant to Rule 212 and Emergency Disciplinary Actions taken pursuant to Rule 618 are subject to Conflicts of Interest provisions in Rule 213.</p> | |

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| <p>Core Principle 7 – Availability of General Information: The board of trade shall make available to market authorities, market participants, and the public accurate information concerning:</p> <p>(a) The terms and conditions of the contracts of the contract market; and</p> <p>(b)(1) The rules, regulations and mechanisms for executing transactions on or through the facilities of the contract market, and</p> <p>(2) The rules and specifications describing the operation of the contract market's (i) Electronic matching platform, or (ii) Trade execution facility.</p> | <p>Under Rule 310, the Rulebook as amended from time to time, notices, advisories, and policies will be publicly available on the Exchange Website. The Exchange will publish all such information, including any non-confidential material associated with regulatory filings relating to Rules and products at the time TEX submits the filings to the CFTC as required by Part 40 of the CFTC Regulations.</p> <p>Rule 539 and the Market Supervision Manual (Exhibit O) includes a description of the matching algorithm employed by the Platform, and Order Types that may be submitted to the Platform.</p> <p>A detailed description of the trade matching algorithm and examples of how that algorithm works in various trading scenarios involving various Order Types is provided in Exhibit Q.</p> | <p>Exhibit M (Rulebook)</p> <p>Exhibit O (Market Supervision Manual)</p> <p>Exhibit Q (Trading System)</p> |
| <p>Core Principle 8 – Daily Publication of Trading Information: The board of trade shall make public daily information on settlement prices, volume, open interest, and opening and closing ranges for actively traded contracts on the contract market.</p> | <p>The Exchange will publish information on volume, pricing (open, close, high, low), settlement price, open interest and other information for actively traded Contracts required by CFTC Regulation 16.01 after the end of the trading day on its Web Site and will transmit this data to the CFTC, within the time frames prescribed in CFTC Regulation 16.01.</p> <p>Time and sales data, and other order and transaction data will be transmitted to the CFTC as required by CFTC Regulation 16.02.</p> <p>Part 16 requirements are addressed in Rule 905.</p> | <p>Exhibit M (Rulebook)</p> |
| <p>Core Principle 9 – Execution of Transactions: The board of trade shall provide a competitive, open, and efficient market and mechanism for executing transactions that protects the price discovery process of trading in the centralized market of the board of trade. The rules of the board of trade may authorize, for bona fide business purposes:</p> | <p>The Platform provides Participants with the ability to execute transactions from the interaction of multiple bids and multiple offers within a predetermined, nondiscretionary automated trade matching and execution algorithm. Additional detail on the Platform and matching algorithm can be found in Exhibit Q. The Exchange will conduct periodic objective testing of the Platform and the trade environment generally, pursuant to the provisions contemplated in Exhibit V – the CFTC Technology Questionnaire. Contracts trade under the terms publicly provided for in the Contract Specifications, and as certified pursuant to CFTC Regulation 40.2.</p> | <p>Exhibit M (Rulebook)</p> <p>Exhibit Q (Trading System)</p> <p>Exhibit V (Technology Questionnaire)</p> |

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| <p>(a) Transfer trades or office trades;</p> <p>(b) An exchange of:</p> <p>(1) Futures in connection with a cash commodity transaction;</p> <p>(2) Futures for cash commodities; or</p> <p>(3) Futures for swaps; or</p> <p>(c) A futures commission merchant, acting as principal or agent, to enter into or confirm the execution of a contract for the purchase or sale of a commodity for future delivery if the contract is reported, recorded, or cleared in accordance with the rules of the contract market or a derivatives clearing organization.</p> | <p>Rule 804 allows the transfer of trades from one Clearing Member to another upon notice to the Exchange and in accordance with the Rules of the DCO. An FCM can act as principal or agent on such trades, subject to the Rules of the Exchange and DCO.</p> <p>Block Trades are addressed in Rule 542.</p> | |
| <p>Core Principle 10 – Trade Information: The board of trade shall maintain rules and procedures to provide for the recording and safe storage of all identifying trade information in a manner that enables the contract market to use the information:</p> <p>(a) To assist in the prevention of customer and market abuses; and</p> <p>(b) To provide evidence of any violations of the rules of the contract market.</p> | <p>The Platform will maintain all information with respect to each Order (whether or not such Order results in a Transaction) and each Transaction, as all other information relating to the trade environment that determines the matching and clearing of trades. Because all information relating to Orders submitted to the Platform and relevant environmental parameters will be retained, any Order could be tracked from the time it is entered into the Platform to the time it is matched, expires or is otherwise disposed of. The Exchange may adopt further procedures to record and account for Contracts and Exchange Activity pursuant to Rule 502.</p> <p>Rule 522 requires users of the Platform to enter all information necessary to process an Order pursuant to the Rules when placing an Order on the Exchange and provides that the Exchange shall maintain such information.</p> <p>Audit trail data will be stored in a manner that protects it from unauthorized alteration as well as from accidental erasure or other</p> | <p>Exhibit M (Rulebook)</p> <p>Exhibit O (Market Supervision Manual)</p> <p>Exhibit S (Trading Data)</p> <p>Exhibit V (Technology Questionnaire).</p> |

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| | <p>loss. Audit trail data will be maintained as described in the Technology Questionnaire included in Exhibit V and also in Exhibit S.</p> <p>The Exchange Compliance Department will perform audit trail reviews at least annually. Under Rule 522(b), each Participant is required to maintain a front-end audit trail, which stores data related to Orders placed by such Participant or any of its Sponsored Access Customers. Such data is accessible to the Exchange pursuant to Rule 403. Using sampling techniques, the Exchange Compliance Department will review the front-end audit trail data retained by Participants at least annually to the extent required under Rule 522(c). Such review will include examination of :</p> <ul style="list-style-type: none"> (i) the process by which user identifications are assigned and user identification records are maintained, (ii) usage patterns associated with user identifications to monitor for violations of user identification rules, and (iii) account numbers and CTI codes in trade records to ensure that they are accurate and being properly used. Furthermore, the Exchange will review compliance with recordkeeping obligations at least annually. <p>In addition to retaining front-end audit trail data, the Exchange will retain books and records and Participants will be required to retain their books and records for at least five years pursuant to Rules 215 and 401(l), respectively. Recordkeeping and data retention requirements apply to trades conducted outside the Platform, if any, under Rule 544.</p> | |

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| <p>Core Principle 11 – Financial Integrity of Transactions: The board of trade shall establish and enforce:</p> <p>(a) Rules and procedures for ensuring the financial integrity of transactions entered into on or through the facilities of the contract market (including the clearance and settlement of the transactions with a derivatives clearing organization); and</p> <p>(b) Rules to ensure:</p> <p>(1) The financial integrity of any:</p> <p>(i) Futures commission merchant, and</p> <p>(ii) Introducing broker; and</p> <p>(2) The protection of customer funds.</p> | <p>Under Rule 801(d), all Contracts traded on the Exchange must be cleared through a Clearing House by a Clearing Firm. Chapter 8 governs the clearing of Contracts. Specific rules and procedures applicable to the execution and clearing of Contracts that are cleared by a Derivatives Clearing Organization (DCO) are to be developed between TEX and the DCO as part of their final agreement.</p> <p>Only Subject Persons (which are Participants and Sponsored Access Customers) will be permitted to submit Orders to the Exchange. Each Participant must be a Clearing Firm or itself and/or its Customers must establish a clearing relationship with a Clearing Firm under Rule 534(b). A clearing relationship must also be established for any Person initiating or execution a Transaction on the Exchange pursuant to Rule 806. Eligibility requirements for Participants are provided in Chapter 3 and for Clearing Firms in Chapter 8. See also Core Principle 15 (Governance Fitness Standards). Under Rule 303, each Participant is responsible for the actions of its Authorized Traders (and each Participant is responsible for the actions of its Sponsored Access Customers). Similarly, under Rule 535 and 536, each Participant and Authorized User is responsible for actions taken under its User ID.</p> <p>Clearing Firms are responsible under CFTC Regulation 1.73 for establishing risk limits and screening orders for compliance with those risk-based limits. An Order will not be allowed on the Platform if it has not been screened. The Platform will have other risk controls (e.g. fat finger) that will be applied once an Order is transmitted to the Platform as described in Core Principle 4 (Prevention of Market Disruption). If a risk limit is nevertheless exceeded, responsibility for the resulting Transaction will lie with the relevant Clearing Firm and other Subject Person in accordance with the terms of agreements between them. If the Persons involved in the Transaction are amenable to it, the Exchange may consider reviewing the trade pursuant to Rule 541 (Trade Cancellation and Adjustments) provided that the provisions of this rule are met.</p> <p>The Board will be responsible for reviewing the Rules governing the eligibility of Participants and ensuring that such rules do not restrict access or impose burdens on access in a discriminatory manner.</p> | <p>Exhibit M (Rulebook)</p> <p>Exhibit N (Agreements/Contracts)</p> <p>Exhibit O (Market Supervision Manual)</p> |

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| | <p>Rules 302 and 304 subject Participants to disciplinary measures for violating applicable registration requirements, including those imposed on Introducing Brokers and Futures Commission Merchants. Similarly, Rule 404 incorporates into the Rulebook a requirement that each Participant comply with its obligations as a registered entity with any Government Agency or Self-Regulatory Organization (including obligations applicable to Futures Commission Merchants and Introducing Brokers) and provides for the submission of reports to be provided to the CFTC under CFTC Regulations 1.10 and 1.12 to the Exchange, which allows the Exchange to assess its Participants' and Clearing Firms' compliance with minimum financial requirements applicable to Futures Commission Merchants and Introducing Brokers, as well as obligations to protect customer funds. Rule 406 grants the Exchange authority to impose restrictions on the business or operations of a Participant that becomes subject to the notice requirements of CFTC Regulation 1.12, which provides for such notice in the event of a futures commission merchant's insufficient capital, failure to maintain records, and inadequate segregation of customer funds. As described in Exhibit O, the Exchange Compliance Department will review financial statements of any Participants and Clearing Firms that are FCMs or IBs to ensure they comply with applicable regulations.</p> <p>The Exchange will rely on the DCO to conduct intraday monitoring of the obligations of Clearing Firms created by the positions of its Customers and Clients as required by CFTC Regulation 38.604. This is addressed in the clearing agreement between the DCO and the Exchange.</p> | |

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| <p>Core Principle 12 – Protection of Markets and Market Participants: The board of trade shall establish and enforce rules:</p> <p>(a) To protect markets and market participants from abusive practices committed by any party, including abusive practices committed by a party acting as an agent for a participant; and</p> <p>(b) To promote fair and equitable trading on the contract market.</p> | <p>Pursuant to Chapters 4 and 5 of the Rulebook and Exhibits Q and R, the Exchange has established various Rules designed to protect the markets and Market Participants from abusive, disruptive, fraudulent, non-competitive, and unfair conduct and trade practices. TEX has licensed Validus software from Eventus for market surveillance to assist the Compliance Department to monitor the market on a T+1 basis, coupled with real-time tools on the Exchange Trading Platform provided by the Exchange’s Technology Services Provider to assist the Exchange in identifying and prosecuting any abusive trading practices. Improper conduct and trade practice violations will be investigated and adjudicated as described in Chapter 6 of the Rulebook and Exhibit P. Further detail regarding how the Compliance Department conducts these surveillance activities can be found in Exhibit O.</p> | <p>Exhibit M (Rulebook)</p> <p>Exhibit N (Agreements/Contracts)</p> <p>Exhibit O (Market Supervision Manual)</p> <p>Exhibit P (Disciplinary and Enforcement Procedures)</p> |
| <p>Core Principle 13 – Disciplinary Procedures: The board of trade shall establish and enforce disciplinary procedures that authorize the board of trade to discipline, suspend, or expel members or market participants that violate the rules of the board of trade, or similar methods for performing the same functions, including delegation of the functions to third parties.</p> | <p>Chapter 6 of the Rulebook sets forth the Rules for disciplinary procedures that allow TEX to discipline, suspend, expel or otherwise sanction Market Participants that violate the Rules. The jurisdiction of the Exchange is set forth in Rule 301.</p> <p>The Compliance Department will monitor the market for any of the trade practice violations enumerated in Chapter 5 of the Rulebook. The Compliance Department will investigate all such potential Rule violations and determine if the facts of the investigation warrant formal Disciplinary Action pursuant to Chapter 6 of the Rulebook.</p> <p>The Exchange’s CRO will oversee the Compliance Department. The Compliance Department, pursuant to Rule 602, can initiate and conduct investigations when the information obtained indicates a possible Rule violation. The Compliance Department will determine the nature and scope of its inquiries and investigations and will function independently of any commercial interests of the Exchange. The Compliance Department has the authority to (i) inspect the books and records of all Participants; (ii) require Persons to appear before it and answer questions regarding possible Rule violations; (iii) prepare Investigative Reports; (iv) make recommendations to the CRO concerning initiating disciplinary proceedings; (v) authorize issuance of Notices of Charges against Respondents alleged to have violated the Rules (if the CRO believes the matter should be adjudicated; and (vi) prosecute alleged Rule violations within the Exchange’s</p> | <p>Exhibit M (Rulebook)</p> <p>Exhibit O (Market Supervision Manual)</p> |

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| | <p>disciplinary jurisdiction.</p> <p>Rule 610 sets forth the functions and make-up of the Disciplinary Panel. If the CRO determines that a matter should be adjudicated in a formal hearing before the Disciplinary Panel, the Compliance Department will be instructed to serve a Notice of Charges.</p> <p>The Notice of Charges delivered to the Respondent will provide a timeline for response to the allegations. In accordance with Rule 613, the hearing will be fair and conducted before the members of the Hearing Panel. As stated in Rule 614, as promptly as is reasonable following a hearing, the Hearing Panel will issue a written order rendering its decision based on the weight of the evidence contained in the record of the disciplinary proceedings. A decision by a majority of the Hearing Panel will constitute the Decision of the Hearing Panel. Pursuant to Rule 313, when the Exchange accepts the withdrawal of a Participant, all rights and privileges of such Participant terminate (including, without limitation, the Trading Privileges and ability to access the Exchange Trading Platform). The accepted withdrawal of a Participant shall not affect the rights of the Exchange under the Rules or relieve the former Participant of its obligations under the Rules, to perform all obligations involving any Contracts entered into by such, or to pay any Exchange fees, costs, or charges incurred, before the withdrawal, including any obligations by the Participant for activity by its Authorized Users. Notwithstanding the accepted withdrawal of a Participant, the withdrawn Participant remains subject to the Rules, the obligations, and the jurisdiction of the Exchange for acts done and omissions made while a Participant and must cooperate in any Exchange Proceeding as if the withdrawn Participant were still a Participant.</p> <p>Rule 619 states that when the Trading Privileges of a Participant are terminated, all a Participant's rights and Trading Privileges will terminate (including those of any Authorized User), except for the right of the Participant in question to assert claims against others, as provided in the Rules. Any such termination will not affect the rights of creditors under the Rules. A suspended or terminated Participant remains subject to the Rules and the jurisdiction of the Exchange for acts and omissions prior to the suspension or termination, and must</p> | |

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| | cooperate in any inquiry, investigation, or disciplinary proceeding, summary suspension or other summary action as if the suspended or terminated Participant still had Trading Privileges. The Exchange may discipline a suspended Participant under the Rules for any violation of a Rule or provision of Applicable Law committed by the Participant before, during, or after the suspension. | |
| <p>Core Principle 14 – Dispute Resolution: The board of trade shall establish and enforce disciplinary procedures that authorize the board of trade to discipline, suspend, or expel members or market participants that violate the rules of the board of trade, or similar methods for performing the same functions, including delegation of the functions to third parties.</p> | Chapter 7 of the Rules establishes rules concerning alternative dispute resolution, which provide for the resolution of disputes between or among Participants through the American Arbitration Association. Under Chapter 7, arbitration is available for all disputes, controversies, or claims among all market participants that relate to activities on or subject to the rules of the Exchange | Exhibit M (Rulebook) |
| <p>Core Principle 15 – Governance Fitness Standards: The board of trade shall establish and enforce appropriate fitness standards for directors, members of any disciplinary committee, members of the contract market, and any other person with direct access to the facility (including any party affiliated with any person described in this paragraph).</p> | <p>Persons involved in the governance and Persons using the Exchange will be subject to fitness and eligibility criteria, respectively, under the Rulebook. More specifically, Directors, and individuals serving as members of Committees, Disciplinary Panels and Appeal Panels will be subject to fitness standards under Rule 204; Participants will be subject to eligibility standards specified in Rule 302, and Authorized Traders will be subject to eligibility standards provided in Rule 303. Furthermore, acquiring and retaining Trading Privileges will be subject to eligibility standards provided in Rule 304 and may be denied, revoked or conditioned based on criteria specified in Rule 304(b). In addition, pursuant to Rule 801(c), Clearing Firms will be subject to eligibility standards provided in Rule 302.</p> <p>Exhibit C provides a narrative of the fitness standards applicable to Directors. Each non-executive Director will be required to complete a Director Questionnaire, which will be used in evaluating whether such prospective Director would meet applicable fitness standards. It is expected that executive directors will be vetted through the employment process.</p> <p>Furthermore, in addition to required self-disclosure, the Exchange Compliance Department will review the standing of Participants and</p> | <p>Exhibit C (Board Fitness)</p> <p>Exhibit M (Rulebook)</p> <p>Exhibit O (Market Supervision Manual)</p> |

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| | Sponsored Access Customer by conducting a search of NFA's BASIC system, as well as other relevant searches, as part of the onboarding process. | |
| <p>Core Principle 16 – Conflicts of Interest: The board of trade shall establish and enforce rules:</p> <p>(a) To minimize conflicts of interest in the decision-making process of the contract market; and</p> <p>(b) To establish a process for resolving conflicts of interest described in paragraph (a) of this section.</p> | <p>Rule 213 of the Rulebook establishes rules to minimize conflicts of interest and a process for resolving conflicts of interest. In addition, Rule 214 limits the use and disclosure of material non-public information gained through the performance of official duties by Exchange Officials, consultants, members of Committees, members of Disciplinary Panels and Appeal Panels, the Compliance Department, and other employees of the Exchange.</p> <p>As described in more detail in Rule 208 and with respect to Core Principle 17 (Composition of Governing Boards of Contract Market) below, the Exchange will have a ROC that is composed of 100% Public Directors. The ROC will oversee the Exchange's regulatory program on behalf of the Board, which role includes assisting the CRO in minimizing actual and potential conflicts of interest under Rule 209.</p> <p>Disciplinary Panels involved in the enforcement and adjudication process described in connection with Core Principle 4 above are subject to rules regarding composition as to preclude any group or class of industry participants from dominating or exercising disproportionate influence under Rule 609. Under that Rule, each Disciplinary Panel will be chaired by a Public Individual and may include additional Public Individuals.</p> <p>Rule 616 provides for appeal of a Hearing Panel's decision to an Appeal Panel. Under that Rule, an Appeal Panel will be chaired by a Public Individual and may include additional Public Individuals.</p> <p>See also Core Principle 4 (Prevention of Market Disruption); Core Principle 17 (Composition of Governing Boards of Contract Market).</p> | Exhibit M (Rulebook) |
| <p>Core Principle 17 – Composition of Governing Boards of Contract Markets: The governance arrangements of the board of trade shall be designed to permit consideration of the views of market participants.</p> | <p>Organizational documents, including the Bylaws of TEX are provided in Exhibit G. The Rulebook summarizes relevant governance arrangements of the Exchange in Chapter 2. In accordance with Rule 202, at least 35% of the Directors shall be Public Directors.</p> <p>The Board will delegate authority to one standing committee: the ROC</p> | <p>Exhibit B (Officer and Director Information)</p> <p>Exhibit C (Board Fitness)</p> |

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| | <p>as described in Rule 208. Pursuant to Rule 208, the ROC will be composed entirely of Public Directors. The ROC oversees TEX's regulatory program on behalf of the Board. It makes recommendations to the Board that will, in its judgment, best promote the interests of the Exchange. Likewise, the ROC assists TEX in minimizing actual and potential conflicts of interest. The ROC will prepare annual reports that assess for the Board and the CFTC the regulatory program of the Exchange.</p> <p>The Board will be responsible for ensuring compliance with certain requirements that might otherwise be delegated to a board committee. Most notably, the Board shall be responsible for the impartial access requirements of the Exchange, including ensuring that the fee structure is non-discriminatory. The Board will (i) determine the standards and requirements for initial and continuing Participant eligibility; (ii) review appeals of staff denials of applications; and (iii) approve rules that would result in different categories or classes of Participants receiving disparate access to the Exchange, including the fee structure.</p> <p>TEX may, from time to time, establish one or Exchange Panels (ie advisory committees) as it may deem necessary or advisable. Each such panel may consist of Exchange Officials, representatives of Participants, and market participants as determined by the Exchange. Exchange Panels may make recommendations to the Board but will not be authorized to make decisions or act on behalf of the Exchange.</p> | <p>Exhibit G (Formation Documents)</p> <p>Exhibit M (Rulebook)</p> |
| <p>Core Principle 18 – Recordkeeping:</p> <p>The board of trade shall maintain records of all activities relating to the business of the contract market:</p> <p>(a) In a form and manner that is acceptable to the Commission; and</p> <p>(b) For a period of at least 5 years.</p> | <p>The Exchange will maintain records of all activities related to its business for a period of five years and in accordance with Commission Regulation 1.31. See Rule 215, Exhibit O and Exhibit S.</p> | <p>Exhibit M (Rulebook)</p> <p>Exhibit O (Market Supervision Manual)</p> <p>Exhibit S (Trading Data)</p> |

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| <p>Core Principle 19 – Antitrust Considerations: Unless necessary or appropriate to achieve the purposes of this Act, the board of trade shall not:</p> <p>(a) Adopt any rule or taking any action that results in any unreasonable restraint of trade; or</p> <p>(b) Impose any material anticompetitive burden on trading on the contract market.</p> | <p>The Exchange’s Rules have been designed to avoid unreasonable restraints of trade or the imposition of any material anticompetitive burden on trading, as will the specifications for each Contract approved for trading on the Exchange.</p> <p>In particular, access to the Exchange will not require the acquisition of any equity interest but will be available to a broad range and potentially unlimited number of participants, on a fair, equitable and timely basis. The Board and ROC will have authority to approve rules that would result in different categories or classes of Participants receiving disparate access to the Exchange and will be mandated not to permit the Exchange to restrict access or impose burdens on access in a discriminatory manner, within each category or class of Participants or between similarly situated categories or classes of Participants. Under Rule 539, the Exchange will operate through precise and predetermined electronic algorithms, without discrimination among different users or user groups as described in detail in Exhibit Q. Trade information will be disseminated to the public daily.</p> | <p>Exhibit M (Rulebook)</p> <p>Exhibit K (Dues, Fees, and Other Charges)</p> <p>Exhibit Q (Trading System)</p> |
| <p>Core Principle 20 – System Safeguards Each designated contract market shall:</p> <p>(a) Establish and maintain a program of risk analysis and oversight to identify and minimize sources of operational risk, through the development of appropriate controls and procedures, and the development of automated systems, that are reliable, secure, and have adequate scalable capacity;</p> <p>(b) Establish and maintain emergency procedures, backup facilities, and a plan for disaster recovery that allow for the timely recovery and resumption of operations and the fulfillment of the responsibilities and obligations of the board of trade; and</p> <p>(c) Periodically conduct tests to verify</p> | <p>The Exchange has developed a program of risk analysis and oversight to identify and minimize sources of operational risk, through the development of appropriate controls and procedures, and the development of automated systems that are reliable, secure, and to have adequate scalable capacity as described in Exhibit V.</p> <p>This program is described in Exhibit V, which includes information regarding the security of those systems, the Exchange’s risk assessment reviews, internal controls for operations, functional testing, security testing and capacity planning and testing.</p> <p>Exhibit V describes the Exchange’s emergency plan and includes a description of the back-up systems and emergency procedures that include recovery time objectives. Under the emergency plan, the Exchange has procedures to conduct failover tests to ensure that backup resources are sufficient to ensure continued order processing and trade matching, price reporting, market surveillance, and maintenance of a comprehensive and accurate audit trail. In addition, during an emergency, Exchange Rule 212 authorizes the Exchange to</p> | <p>Exhibit M (Rulebook)</p> <p>Exhibit Q (Trading System)</p> <p>Exhibit V (Technology Questionnaire)</p> |

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| <p>that backup resources are sufficient to ensure continued order processing and trade matching, transmission of matched orders to a designated clearing organization for clearing, price reporting, market surveillance, and maintenance of a comprehensive and accurate audit trail.</p> | <p>implement temporary emergency procedures and Rules. See also Core Principle 6.</p> <p>TEX shall review the viability of backup resources in tandem with resource evaluations and technology refreshes of its production facilities. Along with industry wide testing, the Exchange will conduct periodic internal testing of its own backup systems, in coordination with all critical regulatory and technology service providers. See Exhibit V for more details.</p> <p>The Exchange will conduct periodic objective testing of the Platform, and trade environment generally, pursuant to the provisions contemplated in the CFTC Technology Questionnaire (Exhibit V) and CFTC Regulation 38.1051. The Exchange will also periodically conduct tests and assessments, including: vulnerability testing, penetration testing, controls testing, security incident response plan testing and enterprise technology risk assessment.</p> | |
| <p>Core Principle 21 – Financial Resources:</p> <p>(a) <i>In General.</i> The board of trade shall have adequate financial, operational, and managerial resources to discharge each responsibility of the board of trade.</p> <p>(b) <i>Determination of adequacy.</i> The financial resources of the board of trade shall be considered to be adequate if the value of the financial resources exceeds the total amount that would enable the contract market to cover the operating costs of the contract market for a 1-year period, as calculated on a rolling basis.</p> | <p>The Exchange will maintain financial resources that exceed the total amount that would enable the contract market to cover the operating costs sufficient to enable it to perform its functions in compliance with the core principles for DCMs for a twelve-month period, as calculated on a rolling basis, and liquid financial assets that exceed projected operating costs for a six-month period, as calculated on a rolling basis. At its inception, and until such time TEX has adequate revenue and cash flow, TEX will be funded, as needed, with funds from its parent company, IncubEx Inc. See Exhibit I.</p> <p>The Exchange will follow the Guidance on Calculating Projected Operating Costs By DCMs and SEFs, as required by CFTC Letter 17-25.</p> <p>The financial requirements and other materials required by this Core Principle will be submitted to the CFTC quarterly in the time period required by this Core Principle.</p> | Exhibit I (Financial Information) |
| <p>Core Principle 22 – Diversity of Board of Directors: The board of trade, if a publicly traded company, shall endeavor to recruit individuals to serve on the board of directors and the other decision-making bodies (as</p> | <p>TEX is not a publicly traded company; therefore, this Core Principle is not applicable.</p> | N/A |

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| determined by the Commission) of the board of trade from among, and to have the composition of the bodies reflect, a broad and culturally diverse pool of qualified candidates. | | |
| <p>Core Principles 23 – Securities and Exchange Commission: The board of trade shall keep any such records relating to swaps defined in section 1a(47)(A)(v) of the Act open to inspection and examination by the Securities and Exchange Commission.</p> | TEX does not offer any security-based contracts; therefore, this Core Principle is not applicable. | N/A |