



**Abaxx CORSIA Phase One Labelled
Carbon Futures Contract**

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1401. THE CONTRACT

- (A) This contract (this “Contract”) is limited in application to the Abaxx CORSIA Phase One Labelled Carbon futures (or “**CORSIA Phase One Carbon Futures**”). The CORSIA Phase One Carbon Futures is a contract for the physical Delivery of Eligible CORSIA Phase One Units on terms as set out in this chapter from the Seller's Registry Account to the Buyer's Registry Account in the Eligible Carbon Registry. Only Eligible CORSIA Phase One Units may be delivered to discharge a Party's Delivery obligations under this Contract.
- (B) Requirements not specifically covered in this chapter shall be governed by the general rules of the Abaxx Exchange (“**Exchange**”). These Rules shall apply to all Eligible CORSIA Phase One Units bought or sold for future delivery as per the rules in this chapter. For purposes of these Contract Terms, unless otherwise specified, time referred to herein shall refer to and indicate SGT.
- (C) Where a party to the Abaxx Exchange Rules is obliged to make delivery of Eligible CORSIA Phase One Units or take delivery of Eligible CORSIA Phase One Units on terms as set out in the Rules and these Contract Terms, the Seller and the Buyer will comply with the terms of this Contract including, but not limited to Rule 1406.
- (D) The Eligible CORSIA Phase One Units delivered under the CORSIA Phase One Carbon Futures shall comply with the quality and specifications set forth in these Contract Terms.

1402. DEFINITIONS

Unless specified otherwise, definitions used in these Contract Terms are as defined in the general rules of the Exchange. In addition:

ACR Administrator means Environmental Resources Trust, a wholly-owned subsidiary of Winrock International carrying out business as American Carbon Registry®, an Arkansas non-profit corporation.

ACR Credit means a unit (described as an 'Emission Reduction Ton' or 'ERT' under the ACR Program Rules) representing the right of an account holder in whose account the unit is recorded to claim the achievement of a GHG Reduction or Removal in an amount of one (1) tCO₂e that has been verified in accordance with the ACR Program Rules.

ACR Program means the ACR Registry and the ACR Program Rules which comprise ACR's system for governing greenhouse gas (GHG) emission reduction and removal projects and carbon credits that is operated and administered by the ACR Administrator.

ACR Program Rules means, the ACR Standard, the ACR Validation and Verification Standard, published ACR methodologies and other documents as may be updated from time-to-time the rules that together form the rules of the ACR Program

ACR Standard means the American Carbon Registry Standard administered by the ACR Administrator, which enables the validation and registration of GHG projects and the verification and issuance of ACR Credits.

ACR Registry means the American Carbon Registry operated by the ACR Administrator and that, amongst others, issues ACR Credit(s) under the ACR Program

ADP or Alternate Delivery Procedure means the procedure referred to under Rule 1409.

ART Credit means a unit representing the right of an account holder in whose account the unit is recorded to claim the achievement of a GHG Reduction or Removal in an amount of one (1) tCO₂e that has been verified in accordance with the ART Program Rules.

ART Program means the GHG program operated by the ART Secretariat which establishes rules and requirements that operationalize the TREES Standard to enable the validation of GHG projects and programs, and the verification of GHG Reductions and Removals.

ART Program Rules means the rules and requirements set out in the ART Program, the TREES Standard and the other ART Program documents as may be updated from time-to-time.

ART Registry means the Architecture for REDD+ Transactions Registry operated by the ART Secretariat and that, amongst others, issues ART Credit(s) under the TREES Standard.

ART Secretariat means Winrock International Institute for Agricultural Development, acting in its capacity as the secretariat for ART and its programs (including the ART Program), whose office is at 2451 Crystal Drive, Suite 1400 Arlington, Virginia 22202 USA.

Award means any decision of an arbitral tribunal on the substance of the dispute submitted to it and includes any interim, interlocutory, or partial arbitral award.

Buyer means the customer of a Clearing Member with a long position in relation to the Contract or the ultimate buyer of the Eligible CORSIA Phase One Units to be delivered (as the case may be), and, for the avoidance of doubt, at no time does a 'Buyer' refer to the Clearing House.

Carbon Mitigation Outcome Unit means a unit issued pursuant to a Carbon Standard representing a GHG Reduction or Removal generated by a GHG Reduction or Removal Activity and which is (i) equal to one tCO₂e (or such other metric accepted under the Carbon Standard), and (ii) calculated in accordance with, in both cases under the rules of the Carbon Standard.

Carbon Registry Account means an account in the Eligible Carbon Registry capable of holding, crediting, cancelling or receiving the relevant Eligible CORSIA Phase One Unit.

Carbon Standard means the program or standard as such administered by a mandatory or voluntary domestic or international GHG program, certification, scheme, protocol pursuant to which the GHG Reduction or Removal Activity (if any) is formally accepted and registered pursuant to the rules of the Carbon Standard, and in respect of which the Carbon Mitigation Outcome Units are Issued or, if applicable, labelled.

Contract Month means the specified month within which the delivery is to occur.

Contract Value means the amount equal to the Final Settlement Price on the Last Trading Day of the Contract, multiplied by one hundred (100) and multiplied by the number of Contract Units.

Corresponding Adjustment means an accounting adjustment by a country to its Emissions Balance in accordance with the rules set out under or pursuant to the Paris Agreement or pursuant to CORSIA.

CORSIA means the Carbon Offsetting and Reduction Regime for International Aviation, adopted by the International Civil Aviation Organisation pursuant to International Civil Aviation Organisation assembly resolution A39-4.

CORSIA Phase One means the 2024-2026 compliance period for CORSIA.

CORSIA Eligible Label means any label or tag which is applied to a Carbon Mitigation Outcome Unit's unique identification code by the Eligible Carbon Registry or the Eligible Carbon Standard (as applicable) and displayed in the relevant Eligible Carbon Registry, indicating that that Carbon Mitigation Outcome Unit (or the underlying project) has met the eligibility criteria for use in CORSIA for the phase specified in the label or tag.

Day of Late Performance means each twenty-four (24) hour period commencing twelve hours after the last time at which a Party was required to have performed, an obligation or obligations under this Contract related to the delivery procedure and pursuant to the Contract Terms, but failed to do so, provided however that:

- (a) with respect to the obligations of Buyers and Sellers to submit documents to the Exchange and/or Clearing House related to the delivery procedure under and pursuant to each Rule of this Contract "Day of Late Performance" shall mean that the twenty-four (24) hour period commencing immediately after the time specified in the Rules of this chapter for the submission of a document:
- (b) each subsequent Day of Late Performance shall commence twenty-four (24) hours after the beginning of the prior Day of Late Performance; and
- (c) when a Late Performance arises in respect of a Party, the Day of Late Performance within which the act is performed shall be deemed to be the final Day of Late Performance, regardless of the time during that day at which actual performance occurs.

Delivery means the crediting of the Buyer's Carbon Registry Account with the requisite number of Contract Units in accordance with Rule 1406 of this chapter, and Deliver shall be construed accordingly.

Delivery Date means the date that is the first Business Day of the Contract Month that is not preceded by a US bank holiday, else it will be the next Business Day that is not preceded by a US bank holiday..

Eligible Carbon Registry means the electronic database system that is established or operated pursuant to the Eligible Voluntary Carbon Standard in order to ensure the accurate accounting of the issuance, holding, transfer, acquisition, retirement, surrender, cancellation and replacement of Eligible CORSIA Phase One Unit.

Eligible Carbon Mitigation Outcome & Methodology Screening Criteria means the criteria set out in Rule 1405.

Eligible Carbon Standard means a Carbon Standard that has been accepted under this chapter of the Abaxx Exchange Rules pursuant to its Eligible Carbon Mitigation Outcome & Methodology Screening Criteria.

Eligible Carbon Standard Rules means any relevant decisions, guidelines, modalities and procedures made by the Eligible Carbon Standard, and which includes those rules specifically required for the accounting of Carbon Mitigation Outcome Units.

Eligible CORSIA Phase One Units means Carbon Mitigation Outcome Units Issued by the Eligible Carbon Standard that has the unit characteristics referred to in Rule 1405 (*Unit Characteristics*).

Emissions Balance means, in respect of a country and in relation to its reporting obligations under the Paris Agreement, the level of anthropogenic emissions by sources and removals by sinks covered by that country's NDC adjusted on the basis of Corresponding Adjustments.

Failure to Make Payment means the failure of a Buyer or a Buyer's Clearing Member to make payment in accordance with this Contract.

Failure to Perform means the failure of a Buyer, a Buyer's Clearing Member, a Seller or a Seller's Clearing Member to complete a material act with respect to a Delivery obligation prior to the expiration of the period allowed for the Late Performance of such act.

Forest means land with woody vegetation that meets an internationally definition (e.g. UNFCCC, FAO or IPCC) of what constitutes a forest, which includes threshold parameters such as minimum forest area, tree height, and level of crown cover, and may include mature, secondary, degraded and wetland forests.

GHG means any of carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulphur hexafluoride, nitrogen trifluoride, halogenated ethers, trifluoromethyl sulphur pentafluoride and any other halocarbons subject to the '2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories' as published by and updated from time to time by the IPCC (IPCC

2019) or, to the extent inconsistent with IPCC 2019, the greenhouse gases recognized by the Eligible Carbon Standard, as defined by the Eligible Carbon Standard Rules.

GHG Reduction or Removal means the removal, limitation, reduction, avoidance, sequestration or mitigation of GHGs relative to the baseline and which are capable in being represented in a form of unit of measurement pursuant to an Eligible Methodology.

GHG Reduction or Removal Activity means the activity, action, project or groups of activities that leads to the achievement of a GHG Reduction or Removal, that is recognised by the Eligible Carbon Standard.

Last Trading Day means the last day on which trading is permitted, which for this Contract will be the second Business Day preceding the Delivery Date.

Late Performance means the failure of a Buyer or a Buyer's Clearing Member or Seller or a Seller's Clearing Member to complete an act with respect to a delivery obligation imposed by, and within the time period established in, the Rules of this Contract, provided that Late Performance may not exceed the lesser of (i) five continuous Trading Days and (ii) eight consecutive calendar days.

Nationally Determined Contribution or NDC means the domestic mitigation measures by each Paris Agreement Party to reduce national emissions and adapt to the impacts of climate change, as further defined in the Paris Agreement and related decisions under the United Nations Framework Convention on Climate Change.

Paris Agreement means the agreement adopted by the parties to the United Nations Framework Convention on Climate Change at its 21st meeting in Paris as reflected in Decision 1/CP.21 (Adoption of the Paris Agreement) and (where the context requires) any decisions and guidelines made or promulgated by the Conference of the Parties, Conference of the Parties serving as the Meeting of the Parties to the Paris Agreement or any governing or subsidiary bodies authorised, constituted or established to or under that (including the Article 6.4 Supervisory Board).

Paris Agreement Party means a country that is a signatory to the Paris Agreement and who has deposited their instrument of ratification, acceptance, approval or accession to the Secretary-General of the United Nations in his capacity as the depository of the Paris Agreement. For the avoidance of doubt, a country that has withdrawn from the Paris Agreement shall no longer be considered a Paris Agreement Party after its withdrawal takes effect pursuant to Article 28(2) of the Paris Agreement.

Party shall mean, as the context requires, each or any of the Buyer or the Seller, or collectively the **Parties**, and excludes the Clearing House and each Clearing Member.

Registry Account means an account in the Eligible Carbon Registry account capable of holding, crediting, cancelling or receiving the relevant Carbon Mitigation Outcome Unit.

Relevant Authority means the authority or administrator of the Eligible Carbon Standard and/or the authority or administrator of the Eligible Carbon Registry or any other authority having power pursuant to any Applicable Law to issue, transfer, block, suspend, refuse, reject, cancel or otherwise affect the transfer (whether in whole or in part) of Carbon Mitigation Outcome Units.

Seller means the customer of a Clearing Member with a short position in relation to a Contract or the seller of the Eligible CORSIA Phase One Units to be delivered (as the case may be), and, for the avoidance of doubt, at no time does a 'Seller' refer to the Clearing House.

SGT means Singapore time.

SIAC means the Singapore International Arbitration Centre.

SIAC Rules means the Arbitration Rules of the SIAC.

tCO₂e means an amount of carbon dioxide emission measured in metric tonnes that would cause the same integrated radiative forcing or temperature change, over a given time horizon, as an emitted amount of a GHG or a mixture of GHGs.

TREES Standard means The REDD+ Environmental Excellence Standard which are the requirements set out by the ART Program for the quantification, monitoring and reporting of GHG Reduction or Removals, the demonstration of the implementation of the Cancun Safeguards and the verification, registration and issuance of ART Credits.

Unit Characteristics means the characteristics specified by the Exchange that apply to an Eligible CORSIA Phase One Unit in accordance with the Eligible Carbon Mitigation Outcome & Methodology Screening Criteria.

Vintage Year means the calendar year, reporting year or other time period as specified in, in which the Carbon Mitigation Outcome Unit was achieved in respect of the GHG Reduction or Removal Activity.

1403. TRADING SPECIFICATIONS

Trading in CORSIA Phase One Carbon Futures is regularly conducted in all calendar months. The number of months open for trading at a given time shall be determined by the Exchange.

1403.1. Trading Schedule

The hours for trading this Contract shall be determined by the Exchange from time to time.

1403.2. Contract Unit

The unit of trading (the "**Contract Unit**") shall be 100 tCO₂e of Eligible CORSIA Phase One Units meeting the requirements and specifications provided in this chapter.

1403.3. Price Increments

- (A) The minimum price fluctuation shall be US\$0.01 per tCO₂e.
- (B) Prices shall be quoted in United States Dollars and Cents per tCO₂e.

1403.4. Price Limits

At the commencement of each Trading Day, the Contracts listed according to these Rules shall be subject to price limits as per Rule 502 and issued via Circular to notify the imposition of and subsequent changes to price limits, such notification to be provided in advance of the changes becoming effective.

1403.5. Position Limits, Position Accountability and Exemptions

- (A) Limits applicable to the most nearby listed Contracts and/or accountability levels applicable to any single month and all month basis are set forth in the Position Limit, Position Accountability and Reportable Level Table published by the Exchange.
- (B) Exemptions from position limits may be granted and/or withdrawn by the Market Regulation Department in its sole discretion. Applicants shall apply to the Market Regulation Department on forms provided by the Exchange in accordance with Rule 516.

1403.6. Termination of Trading

No trades in CORSIA Phase One Carbon Futures in the maturing Contract Month, except for EFRP trades shall be made after the termination of trading ("**Termination of Trading**") which is the end of the Settlement Price Period on the Last Trading Day. No EFRP trades in CORSIA Phase One Carbon Futures in the maturing contract shall be made after the EFRP submission deadline following the Termination of Trading. An EFRP which establishes a futures position for both the Buyer and the Seller in a maturing Contract shall not be permitted following the Termination of Trading.

1403.7. Daily Settlement Price and Final Settlement Price

- (A) The Daily Settlement Price shall be determined by the Exchange on each day for each Contract listed according to these Rules.
- (B) The time period that price information is collected for use in determining each Daily Settlement Price will be known as the "**Settlement Price Period**". The Settlement Price Period and changes to the Settlement Price Period to accommodate holiday schedules and unforeseen events will be announced, in advance, from time to time in Circulars.
- (C) The Daily Settlement Price for each Contract that:
 - (i) is the Final Settlement Price; or
 - (ii) as of the opening of business for that day has more than ten percent (10%) of the total open interest for all Contract Months of that Contract; and for which 30% of the total volume during the Settlement Price Period for all Contract Months is done in that Contract (excluding, for the purposes of this calculation volume done during the Settlement Price Period on the Last Trading Day in a maturing Contract),
 shall be the volume weighted average price (rounded to the nearest minimum fluctuation) of all outright trades in that Contract Month which occur during the Settlement Price Period.
- (D) In all other Contract Months for such Contracts that do not satisfy the criteria set forth in Rule 1403.7(C), the Daily Settlement Price shall be determined in the reasonable judgment of the Exchange based upon:
 - (i) trades executed during the Trading Day with priority given to trades executed during the Settlement Price Period and orders that have been standing for the entire Settlement Price Period; and
 - (ii) market information known to the Exchange, including:
 1. trades and orders that do not qualify for consideration as per Rule 1103.7(D)(i) and Rule 803.7(D)(ii); and
 2. Block Trades and current Block Trade quotes provided to the Exchange by qualified brokers; and
 3. relevant market data from other sources.

The Exchange has sole and absolute discretion to consider all relevant available data for the purposes of determining or revising any Daily Settlement Price including a Final Settlement Price.

1404. PRODUCT PLACEMENT

- (A) Any Seller that does not intend to liquidate a position prior to the Termination of Trading on the Last Trading Day shall adequately demonstrate, commercial capability and the ability to have a quantity and quality of **Eligible CORSIA Phase One Units** contracted for Delivery prior to the last five (5) trading days of the Contract.
- (B) Any Buyer that does not intend to liquidate a position prior to the Termination of Trading on the Last Trading Day shall be responsible to receive Eligible CORSIA Phase One Units into a valid Buyer's Registry Account. The Buyer shall adequately demonstrate, commercial capability and the ability to take Delivery of an Eligible CORSIA Phase One Unit prior to the last five (5) trading days of the contract.
- (C) In the event a Clearing Member, the Clearing House and/or the Exchange has not received an adequate demonstration, the Clearing Member shall have the authority to liquidate the position and is required to do so in an orderly manner.

1405. UNIT CHARACTERISTICS

- (A) The Exchange shall determine the Unit Characteristics that qualify through its eligible Carbon Mitigation Outcome Unit and methodology screening criteria.
- (B) The Exchange approves the following Unit Characteristics that an Eligible CORSIA Phase One Unit will be required to have to meet the Delivery requirements of the CORSIA Phase One Carbon Futures:

Unit Characteristics	Specifications
Vintage	2021-2026 (for the avoidance of doubt, both years inclusive)
Unit Type	ART Credit with a CORSIA Eligible Label for CORSIA Phase One. ACR Credit with a CORSIA Eligible Label for CORSIA Phase One For the avoidance of doubt: <ul style="list-style-type: none"> each Eligible CORSIA Phase One Unit must be subject to Corresponding Adjustment consistent with the requirements of the eligibility criteria for use in CORSIA Phase One; and each Unit must have a CORSIA Eligible Label for CORSIA Phase One. A Carbon Mitigation Outcome Unit is ineligible even if it would have been eligible for the purposes of CORSIA Phase One but-for the inclusion of a CORSIA Eligible Label.

- (C) For the purposes of the CORSIA Phase One Carbon Futures, the Exchange approves (i) the following Carbon Standards as Eligible Carbon Standards, and (ii) the following registries as Eligible Carbon Registries:

Eligible Carbon Standard	Exchange Comments
ART Program	The ART Registry shall be an Eligible Carbon Registry.
ACR Program	The ACR Registry shall be an Eligible Carbon Registry

1406. DELIVERY

1406.1. Sale and Purchase of Carbon Mitigation Outcome Units

- (A) The Seller agrees to Deliver, no later than the Delivery Date, for each Contract Unit of the CORSIA Phase One Carbon Futures traded, Eligible CORSIA Phase One Units, as provided for in Rule 1403.2.
- (B) The Seller's Delivery obligation shall be discharged by the Seller Delivering the requisite number of Eligible CORSIA Phase One Units from its Registry Account to the Buyer's Registry Account in accordance with the Eligible Carbon Standard Rules and this chapter.
- (C) The Delivery of the Eligible CORSIA Phase One Units shall be considered to be completed when the Eligible Carbon Registry has taken the necessary steps to credit the Eligible CORSIA Phase One Units to the Buyer's Registry Account in accordance with the Eligible Carbon Standard Rules, whereupon the risk of loss, related to the Eligible CORSIA Phase One Units, or any portion thereof, shall transfer from the Seller to the Buyer.
- (D) The Seller and Buyer will each have a Registry Account in each Eligible Carbon Registry and agrees to maintain such account(s) for so long as it has obligations in respect of CORSIA Phase One Carbon Futures.
- (E) The Parties agree to cooperate with each other in relation to the Delivery and to do such things as are necessary in accordance with, and as required by, the Eligible Carbon Standard Rules in order to Deliver the Eligible CORSIA Phase One Units to the Buyer's Registry Account by the Delivery Date.
- (F) The Parties agree to exclude the application of the United Nations Convention on Contracts for the International Sale of Goods and any terms which may be implied under the Sales of Goods Act 1979. For the avoidance of doubt, the Parties agree that:
- (i) notwithstanding the undertaking by or agreement of a host country to apply Corresponding Adjustment in relation to an Eligible CORSIA Phase One Unit, it is not a term of the CORSIA Phase One Carbon Futures for Corresponding Adjustment to have been actually carried out the host country on or prior to the Delivery Date; and
 - (ii) the CORSIA Eligible Label is labelled by the Eligible Carbon Registry or the Eligible Carbon Standard (as applicable) and, the Parties agree that, as of the Delivery Date, such labelling reflects that the Eligible CORSIA Phase One Unit is an eligible type of unit under the CORSIA Program for Phase One.
- (G) For the avoidance of doubt, the Seller and the Buyer will always be responsible for their respective taxes, duties, fees and any other applicable charges, and the Clearing House and Exchange will not be liable for any such taxes, duties, fees and any other applicable charges in relation to Delivery.

1407. DELIVERY PROCEDURES

1407.1. Notice of Intention to Deliver and Notice of Intention to Accept

- (A) Clearing Members having open short positions shall provide the Clearing House with a Notice of Intention to Deliver as soon as possible but not later than 0900 SGT on the Business Day following Termination of Trading. The Notice of Intention to Deliver must be in the form prescribed by the Exchange and must include: the name of the Seller(s), the Seller's Registry Account details through which the Seller(s) will deliver the Eligible CORSIA Phase One Units to the Buyer, the number of Contract Units to be delivered, the Seller's bank instructions for receipt of payment and shall also provide any additional information as may be required by the Exchange.
- (B) Clearing Members having open long positions shall provide the Clearing House with a Notice of Intention to Accept as soon as possible but not later than 0900 SGT on the Business Day following Termination of Trading. The Notice of Intention to Accept must be in the form prescribed by the Exchange and must include: the name of the Buyer(s), the number of Contract Units to be accepted, and any additional information as may be required by the Exchange.
- (C) The Clearing House shall match each Seller and Buyer according to the size of open positions. The Clearing House shall provide details of the match, as soon as possible but not later than 1200 SGT on the Business Day following Termination of Trading, to the respective Clearing Members who shall inform the Parties.

1407.2. Final Settlement Price

The Final Settlement Price shall be the basis for Delivery.

1407.3. Delivery Date and Payment

(A) Documentation and Invoices

- (i) On or within three (3) Business Days after the Delivery Date, Seller or its representative shall promptly furnish to Buyer a confirmation and an invoice showing:
 - (1) the list of serial numbers of Eligible CORSIA Phase One Units Delivered; and
 - (2) the Contract Value in respect of such quantity of Eligible CORSIA Phase One Units Delivered; and
 - (3) the sum due (the "Invoice Amount") from Buyer in respect of the quantity of Eligible CORSIA Phase One Units Delivered, which will be calculated by multiplying (a) the quantity of Eligible CORSIA Phase One Units Delivered with (b) the Final Settlement Price.
- (ii) The Buyer's Clearing Member will submit a Confirmation of Valid Invoice along with a copy of the Seller's invoice issued as per as Rule 1407.3 (A) to the Clearing House to confirm receipt and accuracy of the sum due as soon as possible but 1200 SGT the Business Day following receipt of the invoice.

(B) Payment

- (i) By 1600 on the Business Day following Last Trading Day the Buyer's Clearing Member shall obtain from the Buyer an amount equal to the Contract Value and deposit that amount with the Clearing House.
- (ii) The Clearing House shall upon receipt of Confirmation of Valid Invoice from the Buyer's Clearing Member promptly release to the Seller's Clearing Member the sum due noted in the Seller's duly issued invoice (the "Invoice Payment"), as soon as possible upon receipt of Confirmation of Valid Invoice. Once the Invoice Payment is made to the Seller's Clearing Member, such payment is deemed to have been made to the Seller. The Seller's Clearing Member shall make all necessary arrangements between it and the Seller on the release of the Invoice Payment by it to the Seller (in accordance with its clearing arrangements with the Seller).

1407.4. DELIVERY MARGINS

- (A) On the Business Day following the Last Trading Day, the Buyer's Clearing Member and the Seller's Clearing Member shall deposit with the Clearing House margins in such amounts and in such form as may be required by the Clearing House.
- (B) Such margins shall be returned as per the following:
 - (i) notification to the Clearing House that Delivery and payment have been completed; or
 - (ii) in the event of any dispute between the Parties: (a) upon settlement of the dispute in writing by mutual agreement of Parties and authorized by the Clearing House, or (b) upon the issuance of an Award or judgment finally resolving the dispute between the Parties and the Parties have duly performed their obligations under the said Award or judgment; or
 - (iii) in the event where the Buyer and Seller elected for ADP, in accordance with Rule 1409 (Alternate Delivery Procedures)

1408. EXCHANGE OF FUTURES FOR RELATED POSITION

- (A) The following transactions may be executed according to the requirements of this chapter:
 - (i) Exchanges of Futures for, or in connection with, physical commodities ("Exchange of Futures for Physical" or "EFPS").
 - (ii) Exchanges of Futures for, or in connection with, swap transactions ("Exchange of Futures for Swaps" or "EFSS").

- (B) An EFP or EFS involving the Contract defined by this chapter may be executed as per the provision of these Rules and Rule 511.
- (C) An EFP/EFS must take place during the hours prescribed by the Exchange in Circulars.

1409. ALTERNATE DELIVERY PROCEDURES

- (A) A Seller and a Buyer matched by the Clearing House may agree to make and take delivery or payment under terms or conditions, which differ, from the Contract Terms, provided that in such a case, the Clearing Members for the Seller and the Buyer shall execute a document providing for an alternative delivery procedure notice (an "**Alternative Delivery Procedure Notice**") in the form prescribed by the Clearing House and shall deliver a completed and executed copy of such notice to the Clearing House.
- (B) The delivery of an executed Alternate Delivery Procedure Notice to the Clearing House shall release the Clearing Members, the Clearing House and the Exchange from their respective obligations under the Rules, this Contract and any other rules regarding physical delivery, provided that the Clearing Members shall jointly and severally indemnify the Clearing House and Exchange against any liability, cost or expense (including legal costs on a full solicitor-client indemnity basis) that the Clearing House and/or Exchange may incur for any reason as a result of the execution, delivery, or performance of such contracts or such agreement, or any breach thereof or default thereunder.
- (C) Upon receipt of an executed Alternate Delivery Procedure Notice, the Clearing House will return to the Clearing Members all margin monies held for the account of each with respect to the Contracts involved.
- (D) Alternate Delivery Procedures can be executed up to the later of:
 - (i) delivery; and
 - (ii) the payment of any and all outstanding sums owed by a Party to the other Party under these Contract Terms.
- (E) The Clearing House and/or Exchange shall not, in respect of each and all of the Parties (including for the avoidance of doubt the Seller and Buyer), be responsible or liable for such ADP agreed between the Seller and Buyer upon the release of the Clearing House, Exchange and the Clearing Members' obligations under Rule 1409(B)

1410. FORCE MAJEURE, LATE PERFORMANCE AND FAILURE TO PERFORM

(A) Definitions.

As used in this Rule 1410 the following terms, as well as variations thereof, shall have the meanings described below.

- (i) "**Force Majeure**" shall mean any circumstance (including but not limited to a strike, lockout, national emergency, governmental action, or act of God) which is beyond the control of the affected Party, and which prevents (i) either the Seller from making Delivery of Eligible CORSIA Phase One Units in accordance with the Eligible Carbon Standard Rules to the Other Party, or the Buyer taking Delivery of Eligible CORSIA Phase One Units in accordance with the Eligible Carbon Standard Rules or (ii) the Seller effecting payment to the Other Party when and as provided for in this Chapter. Whether circumstances exist constituting force majeure shall be determined by a panel of the Delivery Committee as provided for in these Rules, provided, however, that the inability of the Seller to perform a relevant Delivery obligation as a result of (1) it having insufficient Carbon Mitigation Outcome Units, or (2) the host country failing to apply a Corresponding Adjustment for an Eligible CORSIA Phase One Unit prior to the Delivery Date shall not constitute a Force Majeure; provided that this is not an exhaustive list of events that will not constitute a Force Majeure and is provided for the avoidance of doubt only.
 - (ii) "**Late Performance**" shall mean the failure of a Buyer, to make payment as per Rule 1407.
 - (iii) "**Failure to Perform**" shall mean the failure of the Seller to make or the Buyer to take Delivery of Eligible CORSIA Phase One Units in accordance with the requirements set forth in these Rules (and "Failed to Perform" shall have the corresponding meaning). For the avoidance of doubt, it shall not be a failure of the Seller if a host country fails to apply a Corresponding Adjustment for an Eligible CORSIA Phase One Unit prior to the Delivery Date.
 - (iv) "**Party**" means a Buyer or Seller.
 - (v) "**Other Party**" means (i) the corresponding Buyer when a Seller has failed to perform, and (ii) the corresponding Seller when a Buyer has failed to perform.
- (B) Responsibilities of Parties to the Delivery
- (i) The Parties to a Delivery shall make commercially reasonable efforts to perform their respective Delivery obligations at all times until a Party has failed to perform.
 - (ii) Upon the occurrence of events which prevent or threaten to prevent delivery from a Seller to a Buyer pursuant to the terms of this Chapter, the Seller and the Buyer, immediately shall inform the Market Regulation Department of such events.
 - (iii) A Party which has Failed to Perform its obligations may no longer perform such obligations;

- (iv) When a Buyer is subject to Late Performance, the Buyer shall be liable to the Seller for any damages awarded pursuant to Section (E) of this Rule and to the Exchange for any assessments made pursuant to Section (D) of this Rule.
- (v) When a Buyer or a Seller has failed to perform, the Buyer or the Seller, respectively, through which the delivery is effected shall be liable to the Other Party for any damages awarded pursuant to Section (E) of this Rule and to the Exchange for any assessments made pursuant to Section (D) of this Rule.

(C) Delivery Committee

- (i) Force Majeure and Failure to Perform shall be determined by a Panel of the Delivery Committee as set forth below.
- (ii) The Chairman of the Delivery Committee shall appoint a panel, which shall consist of three (3) members of the Committee, to review a delivery:
 - (1) when the CEO is advised that it appears that a Party to the delivery has failed or may fail to perform;
 - (2) upon the written request of both the Buyer and Seller;
 - (3) when the CEO or any person designated by the CEO requests such appointment;
 - (4) if either Party to the delivery notifies the Exchange or Clearing House that circumstances constituting force majeure prevent the performance of delivery obligations at the time and site designated by the Parties; or
 - (5) upon receipt of a Notice of Non-Clearance.
- (iii) The Chairman shall not appoint to any Panel any person who has a direct or indirect interest in the Delivery in question. Each Panel Member shall disclose to the Chairman any such interest which might preclude such Panel Member from rendering a fair and impartial determination. Any Panel so appointed shall retain jurisdiction over the Delivery in question until the Delivery has been completed or a Party has been found to have failed to perform such Delivery. The Exchange's General Counsel shall serve as Advisor to the Panel.
- (iv) The Panel shall meet within one Business Day, or as soon thereafter as is reasonably practicable, of its notification of the circumstances set forth in Section (ii). Unless good cause for delay exists, within five Business Days the Panel shall determine whether Force Majeure exists or whether a Party has failed to perform its obligations as provided in the Rules and advise the Market Regulation Department of such determination and its findings in support thereof immediately. The Panel shall cause its determination to be communicated to the parties to the delivery as expeditiously as possible.
- (v) Upon a finding of a failed performance, the Panel shall:
 - (1) in the case of a failure to perform by a Seller: (i) notify the CEO of its determination, who shall instruct the Clearing House to retain all delivery margins deposited by the Seller for the delivery until any amounts determined to be due to the Exchange or the Buyer pursuant to Sections (D) or (E) of this Rule have been paid; and (ii) apprise the Buyer of the remedies provided pursuant to Section (E) of this Rule: and
 - (2) in the case of a failure to perform by a Buyer: (i) notify the CEO of its determination, who shall instruct the Clearing House to retain all delivery margin until any amounts determined to be due to the Exchange or the Seller pursuant to Sections (D) and (E) of this Rule have been paid; and (ii) apprise the Seller of the remedies provided pursuant to Section (E) of this Rule.
- (vi) Upon a finding of Force Majeure, the Panel may take any one or combination of the following actions as it deems suitable.
 - (1) grant an extension of time for delivery up to two months from the scheduled time;
 - (2) change the Buyer's or Seller's accounts, provided that the Buyer and Seller can arrange for such Delivery;
 - (3) allocate Deliveries;
 - (4) modify the method or timing of payment; or
 - (5) refer the matter to the Board of Directors for consideration of emergency action.

(D) Exchange Action and Appeals Procedure

- (i) Whenever a Party is found by the Panel to have Failed to Perform a Delivery, the Exchange, represented by the Market Regulation Department, shall issue a Notice of Assessment specifying the findings of the Panel with respect to the failed delivery and assessing a penalty of twenty percent (20%) of the Contract Value against such Party to be paid to the Exchange.
- (ii) Whenever a Party is subject to a Late Performance, the Market Regulation Department shall issue a Notice of Assessment assessing a penalty to the Buyer of US\$10,000.

- (iii) The Parties and their respective Clearing Members shall jointly and severally indemnify the Clearing House and Exchange against any liability, cost or expense (including legal costs on a full solicitor-client indemnity basis) that the Clearing House and/or Exchange may incur for any reason as a result of any Parties' Failure to Perform, Failure to Deliver, Failure to Take and/or any other dispute arising out of this Contract.
 - (1) A Party may appeal a Notice of Assessment by filing a Notice of Appeal with the Market Regulation Department and within two Business Days of receipt of Notice of Assessment from the Market Regulation Department. The Party filing the appeal ("**Appellant**") shall file, within twenty (20) days after filing the Notice of Appeal, a Memorandum of Appeal setting forth the factual and legal basis for the appeal. The Memorandum of Appeal must be filed with the Market Regulation Department.
 - (2) The Market Regulation Department may file with the Appellant an Answering Memorandum to the Memorandum of Appeal within ten (10) days of receipt of that memorandum.
 - (3) Failure by the Party to file a Notice of Appeal or a Memorandum of Appeal within the time specified in subsection (D)(iii)(1) of this Rule shall constitute a waiver, and the penalties shall be paid within five (5) days to the Exchange. Failure to pay such penalties in accordance with this Rule shall subject the Party to additional penalties. In the event a Party fails to appeal, or waives the opportunity to appeal a Notice of Assessment, the Assessment and findings of the Delivery Committee shall constitute a final disciplinary action of the Exchange.
 - (iv) Within ten (10) days after receipt of the Market Regulation Department's reply, the Appellant shall be entitled to examine all books, documents and other tangible evidence in possession or under the control of the Exchange that are to be relied on by the Market Regulation Department or are otherwise relevant to the matter.
 - (v) In the event of an appeal by a Party, the CEO of the Exchange, or his designee, shall appoint an Assessment Appeal Panel to hear and decide the appeal. The Panel shall be composed of three members of the Board, at least one of whom shall be an independent member of the Board. No member of the Panel may have a direct or indirect interest in the matter under the appeal. Each Panel Member shall disclose to the CEO any such interest which might preclude such Panel Member from rendering a fair and impartial determination. The formal rules of evidence shall not apply to such appeal, and the Panel shall be the sole judge with respect to the evidence presented to it. The Panel may seek advice from external legal counsel.
 - (vi) The procedures for the hearing of the appeal before the Assessment Appeal Panel shall be as follows:
 - (1) At a date to be set by order of the Panel, and prior to such hearing, the Appellant and the Market Regulation Department shall furnish each other with a list of witnesses expected to be called at the hearing, and a list of documents and copies thereof expected to be introduced at the hearing.
 - (2) At such hearing the Appellant may appear personally and may be represented by counsel or other representative of his choice at the appeal.
 - (3) The Market Regulation Department shall be entitled to offer evidence relating to the delivery and shall be entitled to call witnesses and introduce documents in support thereof. It shall be the burden of the Market Regulation Department to demonstrate, by the weight of the evidence, the appropriateness of the sanction set forth in the Notice of Assessment.
 - (4) The Appellant shall be entitled to rebut the Market Regulation Department's evidence and shall be entitled to call witnesses and introduce documents in support thereof.
 - (5) The Market Regulation Department and the Appellant shall be entitled to cross-examine any witness called by the opposing party at the hearing.
 - (6) The Notice of Assessment, the Notice of Appeal, the Memorandum of Appeal, any Answering Memorandum, the stenographic transcript of the appeal, any documentary evidence or other material presented to and accepted by the Panel shall constitute the record of the hearing. The decision of the Panel shall be based upon the record of the hearing.
 - (7) The Panel shall have the power to impose a penalty against any person who is within the jurisdiction of the Exchange and whose actions impede the progress of a hearing.
 - (8) The Assessment Appeal Panel shall issue a written decision in which it may affirm, reduce or waive the charges assessed against the Appellant and shall state the reasons therefor.
 - (9) The decision of the Assessment Appeal Panel shall be a final decision of the Exchange, and shall constitute a final disciplinary action of the Exchange. The fine is payable on the effective date of the decision or as specified. The effective date shall be fifteen (15) days after a copy of the written decision has been delivered to the Appellant and to the Commission.
 - (vii) The Assessment Appeal Panel shall consider and make recommendations to the Board concerning acceptance or rejection of any offer of settlement submitted by Appellant. In the case of an offer of settlement, acceptance by the Board shall constitute the final disciplinary action of the Exchange.
- (E) Arbitration Procedure

- (i) Any claim for damages arising between a Buyer and a Seller as a result of a delivery pursuant to this Contract shall be settled by arbitration in accordance with these Rules.
- (ii) Notice of Intent to Arbitrate must be submitted to the Market Regulation Department within three (3) Business Days of the occurrence upon which the claim is based on the decision of the Delivery Committee with respect to a Late Performance or a Failure to Perform. Failure to submit a Notice of Intent to Arbitrate within the prescribed period will be deemed a waiver of a party's rights to arbitrate such a delivery dispute under these Rules.
- (iii) The Arbitration will be governed by Rule 1412 of this chapter, with "Buyer's Clearing Member" or "Seller's Clearing Member" substituted with "Buyer" and "Seller" respectively.

1411. [RESERVED]

1412. ARBITRATION

- (A) Parties shall first attempt to resolve any such disputes arising from or in connection with these Rules by way of good faith negotiations, failing which such disputes shall be referred to the Delivery Committee for resolution. The Delivery Committee may obtain expert advice from industry practitioners in its decision-making process. The Delivery Committee will determine administrative fees and any fines to be imposed on each Party.
- (B) In the event that either Party is unsatisfied with the decision made by the Delivery Committee, a Buyer's Clearing Member or Seller's Clearing Member may appeal any decision, direction and/or fine made by EDC by filing a notice within ten (10) Business Days following deemed receipt of the Delivery Committee's written decision to SIAC.
- (C) The dispute may be referred to and finally resolved by arbitration administered in accordance with the SIAC Rules for the time being in force, which rules are deemed to be incorporated by reference in this Rule.
- (D) The seat of arbitration shall be Singapore. The Tribunal shall consist of three arbitrators. The language of the arbitration shall be English.
- (E) The Parties and their respective Clearing Members shall jointly and severally indemnify the Clearing House and Exchange against any liability, cost or expense (including legal costs on a full solicitor-client indemnity basis) that the Clearing House and/or Exchange may incur for any reason as a result of any dispute arising out of this Contract.

1413. GOVERNING LAW

These Contract Terms shall be governed by and construed in all respects in accordance with the laws of Singapore.

1414. CONTRACT MODIFICATION

The Exchange may amend these Contract Terms from time to time as it deems fit, in accordance with the provisions in the Exchange Rules without limitation.

1415. COMPLIANCE WITH LAWS

- (A) The Parties shall comply with all applicable Singapore and foreign laws and regulations including administrative orders, rulings, directives and notices of all relevant authorities and regulatory bodies (including the Monetary Authority of Singapore, the Exchange and the Clearing House), provided that if at any time any such order, ruling, directive, notice, statute or regulation conflicts with or adds to the requirements of these Contract Terms, such order, ruling, directive, notice, statute or regulation shall be construed to take precedence over and become part of these Contract Terms which shall be deemed modified to such extent as may be necessary to incorporate or give effect to the same, and all open and new contracts shall be subject to such order, ruling, directive, notice, statute or regulation.
- (B) The Parties shall at all times represent and warrant that they and/or any related entities (including persons or bodies) are not subject to trade sanctions imposed by the United States of America, the United Nations, and/or any or all other applicable country, and as amended from time to time (collectively, the "Trade Sanctions"). If at any time either Party is in breach of the foregoing representation and warranty, then the Party not in breach may suspend performance under this Contract, terminate this Contract and/or claim damages resulting from the breach.

1416. SEVERABILITY AND WAIVER

If any provision of these Contract Terms is held by a court or other tribunal of competent jurisdiction to be invalid or unenforceable for any reason, the remaining provisions shall continue in full force and effect without being impaired or invalidated in any way, and the Parties agree to replace any invalid provision with a valid provision which most closely approximates the intent and economic effect of the invalid provision. The waiver by a Party of a breach of or Delivery Default under any provision of these Contract Terms shall not be effective unless in writing and shall not be construed as a waiver of any subsequent breach of or Delivery Default under the same or any other provision of these Contract Terms. Further, any failure or delay on the part of any Party to exercise or avail itself of any right or remedy that it has or may have hereunder shall not operate as a waiver of any such right or remedy or preclude other or further exercise thereof or of any other right or remedy.