



VOLUME 21 - BULLETIN #71

TO: ALL CLEARING MEMBERS
FROM: BUSINESS SYSTEMS GROUP
DATE: March 15, 2001
SUBJECT: EPA Auction and Bid Procedures

Auction and Clearing Member Reimbursement Agreement Form

On March 26, 2001, the Chicago Board of Trade will administer the fifth annual EPA auction for sulfur dioxide emission allowances. Unless the bidder is a clearing member, the total value of the bid must be secured by a Letter of Credit or a certified check. Clearing members of the Board of Trade Clearing Corporation may submit bids on behalf of themselves or customers by delivering a signed Clearing Member Reimbursement Agreement in the form attached for each bid that they submit and must maintain excess house margin on deposit with the Clearing Corporation equal to 10% of the total purchase price of all bids submitted. **Clearing Members are responsible for paying to the EPA the purchase price of all accepted bids submitted by them.** Agreement forms are available at the Board of Trade Clearing Corporation, Business Systems offices in Suite 1430.

EPA Allowance Account Information Form

All firms that submit bids in the auction must have an Allowance Account with the EPA. Those without an allowance account can establish one by submitting a completed Allowance Account Information Form to the Chicago Board of Trade's Accounting Department or by submitting the Allowance Account Information Form to the EPA at the address listed on the form prior to the auction bid deadline. Allowance Account Information Forms are available at the Board of Trade Clearing Corporation, Business Systems offices in Suite 1430.

EPA Bid Form and Procedures

EPA Bid Forms and procedures for the auction on March 26, 2001 are available at the Board of Trade Clearing Corporation, Business Systems offices in Suite 1430. Attached are procedures that will be used for Board of Trade Clearing Corporation clearing members that submit bids with Clearing Member Reimbursement Agreements. **Bids must be delivered to CBOT's Accounting Department, Attn.: EPA Auctions, Suite 2240, prior to 4:30 p.m. on March 20, 2001.**

For more information on the auction, bid process and copies of EPA forms, contact Eugene Kunda at (312) 347-5528. You may also get all forms and information on the EPA web page at www.epa.gov/airmarkets.

Should you have any questions, please call or e-mail one of the following Business Systems Analysts:

John Compall	786-5795	john.compall@botcc.com
Shawn Gebbia	786-5748	shawn.gebbia@botcc.com
Marc MacQuarrie	786-5732	marc.macquarrie@botcc.com
Molly McMahan	786-3804	Molly.mcmahan@botcc.com
Richard Scruggs	786-5739	Richard.scruggs@botcc.com
Jill Turner	786-5718	Jill.turner@botcc.com
Matt Walsh	786-5731	matt.walsh@botcc.com
Kelli Wegener	786-5761	Kelli.wegener@botcc.com
Thomas Andrews	Manager	thomas.andrews@botcc.com
Diane Schuering	Vice President	diane.schuering@botcc.com
Business Systems Group E-Mail Address		BSG@botcc.com
BOTCC Web Site		http://www.botcc.com

CLEARING MEMBER REIMBURSEMENT AGREEMENT

Instructions

1. One Agreement must be completed for each Bid Form submitted. Complete Bid Information must be provided where requested at the bottom of page 2 of the Agreement
2. An authorized officer of the Clearing Member is required to sign each Agreement.
3. Attach a copy of the completed Bid Form to the original, signed Reimbursement Agreement and return to:

Treasury Operations
Board of Trade Clearing
Corporation
141 W. Jackson, Suite 1404
Attn: Jonathan Buchbinder

4. Attach a copy of the signed Reimbursement Agreement to the original Bid Form and deliver to:

Accounting Department
Chicago Board of Trade
141 W. Jackson, Suite 2240
Attn: EPA Auction

CLEARING MEMBER REIMBURSEMENT AGREEMENT

FOR VALUE RECEIVED, the undersigned Clearing Member (the 'Member') of the Board of Trade Clearing Corporation, a Delaware corporation ('BOTCC'), hereby agrees as follows:

1. This Agreement is being executed by the Member in connection with the EPA Bid Form identified below and submitted by the Member on behalf of itself and/or its customers (the 'Bid'). Each Bid is an offer by the Member to purchase the number of EPA Sulfur Dioxide Allowances ('Allowances') specified on the Bid for the price specified on the Bid.
2. The Member represents and warrants that the Bid Information set forth below is true and correct. The Member further represents and warrants that this Agreement has been duly authorized, executed and delivered on behalf of the Member and constitutes the valid and binding agreement of the Member.
3. The Member understands and acknowledges that, upon BOTCC's execution of this Agreement below, BOTCC will guarantee the Member's payment in full of the purchase price for the Bid, if accepted. BOTCC shall not have any obligation with respect to Bid Forms submitted by the Member that are not identified below and attached to a Clearing Member Reimbursement Agreement signed by BOTCC. The Member further acknowledges and agrees that BOTCC makes no warranty of title or other warranty with respect to Allowances delivered for accepted Bids and releases BOTCC from any and all liabilities and obligations whatsoever with respect such Allowances.
4. The Member agrees to reimburse BOTCC, upon demand, for the purchase price of any accepted Bid paid by BOTCC pursuant to BOTCC's guarantee thereof and any and all costs and expenses incurred by BOTCC relating to such guarantee or this Agreement. As security for this reimbursement obligation, the Member agrees to deposit and maintain with BOTCC, at all times until the Member's obligations with respect to the Bid are satisfied in full, house margin in excess of the margin requirements otherwise required by BOTCC for the Member's house account in an amount equal to 10% of the total purchase price of all Bids identified on all Clearing Member Reimbursement Agreements executed by the Member and BOTCC ('Excess Margin'). As security for the Member's reimbursement obligation hereunder, the Member hereby grants to BOTCC a security interest in and lien on such Excess Margin and any other margin, cash, securities and other property of the Member in the possession of or under the control of BOTCC and any shares of stock of BOTCC held by the Member. BOTCC may exercise all of its rights and remedies as a secured party under the Uniform Commercial Code or otherwise to satisfy the Member's reimbursement obligations hereunder. In addition to the foregoing, the Member shall grant to BOTCC a security interest in such other collateral as BOTCC may deem necessary or appropriate.

5. The Member hereby assigns to BOTCC the Member's right to receive (and hereby agrees to promptly deliver to BOTCC if the Member actually receives) Allowances with respect to the Bid in the event that the Bid is accepted and BOTCC, pursuant to its guarantee of the purchase price for the Bid, is required to pay part or all of the purchase price for the Bid and BOTCC is not immediately fully reimbursed by the Member pursuant to the preceding paragraph.

6. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois, without giving effect to conflicts of laws principles.

Member.

CLEARING MEMBER:

Form for Execution by Corporation

Name of Corporation: _____

By (President): _____

Name (typed): _____

Form for Execution by Limited Liability Company or Limited Liability Partnership

Name of Entity: _____

By (Managing Member/Partner): _____

Name (typed): _____

Form for Execution by Partnership

Name of Partnership: _____

By (Individual General Partner): _____

Name (typed): _____

Or by (Corporate General Partner):

Name of Corporation: _____

By (President): _____

Name (typed): _____

ACCEPTED, ACKNOWLEDGED AND AGREED as of the date set forth above.

BOARD OF TRADE CLEARING CORPORATION

By: _____

Name: _____

Title: _____

Please complete the following information for each Bid.

Auction to which Bid applies:
(check one)

Spot Auction (2001)

Submitted For:
(check one)

_____House Account

_____Account of Customer

_____ 7-year Advance Auction (2008)

Customer Reference Number_____

Number of Allowances Requested:_____

Price per Allowance:_____

Total Bid Price:_____