



**Transmission Rights Certification as an
Eligible Commercial Entity**

Submit this form by mail or courier to the following:

The IESO
655 Bay Street, Suite 410
P.O. Box 1
Toronto, ON M5G 2K4

Attention: Market Entry & Analysis

**Subject: Transmission Certification as an Eligible
Commercial Entity**

All information submitted in this process will be used by the *IESO* solely in support of its obligations under the "Electricity Act, 1998", the "Ontario Energy Board Act, 1998", the "Market Rules" and associated policies, standards and procedures and its licence. All submitted information will be assigned the appropriate confidentiality level upon receipt.

Terms and acronyms used in this Form that are italicized have the meanings ascribed thereto in Chapter 11 of the "Market Rules".

This form is to be submitted by all applicants applying to be authorized as a participant in the *IESO*'s electricity marketplace for the trading of forward *transmission rights* (the "*TR Market*"). In order to allow *market participants* based in the United States to participate in the *TR market*, the *IESO* requires confirmation that participants in the *TR market* comply with certain requirements imposed under the United States Commodities Exchange Act (the "CEA").

In order for the *TR market* to qualify for certain exemptions from regulation under the CEA, the *IESO* must limit participation in the *TR market* to large commercial institutions, institutional investors and participants in the commodities markets that qualify as "eligible commercial entities" (ECEs), as that term is defined in the CEA.

PART 1 – GENERAL INFORMATION

Organization Name: _____
Market Participant No.: _____

PART 2 – ASSESSMENT CRITERIA FOR QUALIFICATION AS AN ECE

Review the criteria below to assess your qualification as an ECE and indicate which categories are applicable to your organization by checking the appropriate box(es) in both sections A and B. In order to qualify you must check a box in both sections A and B.

Only check off the information that reflects your intentions. Check as many boxes as apply. The *IESO* expects that most of the TR *market participants* based in the United States will qualify under item 5 of Section A (plus the relevant box in Section B) but the other items have been included for completeness.

A. ELIGIBLE CONTRACT PARTICIPANTS

In order to meet the CEA’s definition of an ECE, an entity must first qualify as an “eligible contract participant” (ECP) under the CEA. The CEA defines an ECP to include:

- 1 regulated¹ financial institutions;
- 2 regulated insurance companies;
- 3 regulated investment companies;
- 4 regulated commodity pools with assets exceeding US\$5 million;
- 5 corporations, partnerships, trusts or other business entities that either:
 - have assets exceeding US\$10 million, or
 - enter into transactions guaranteed by other certain ECPs², or
 - in the case of a transaction relating to the conduct of an entity’s business or to manage the risk associated with an asset or liability owned or incurred by the entity in the course of its business, have a net worth exceeding US\$1 million³;
- 6 regulated employee benefit plans:
 - with assets exceeding US\$5 million, or
 - whose investment decisions are made by a regulated investment adviser or commodity trading advisor, a regulated financial institution or regulated insurance company;

¹ The term “regulated” or the phrase “subject to regulation” (used in each of the items below other than item 5 and item 7) means: 1) subject to regulation by the relevant U.S. federal or state authorities if the entity is U.S.-based; or 2) subject to regulation by a analogous foreign regulatory authority if the entity is based outside of the U.S.

² The entity providing the guarantee must qualify as an ECP as a corporation, partnership, trust or other business entity with assets exceeding US\$10 million or under the criteria described in items 1, 2, 3, 4 or 7 of Section A.

³ In the context of the TR *market*, the lower asset test (US\$1 million) is available to corporations, partnerships, trusts or other business entities whose involvement in the TR *market* is related to its core business. Conversely, entities whose activities in the TR *market* and other electricity markets are limited to price speculation are subject to the higher asset threshold (US\$10 million).

PART 2 – ASSESSMENT CRITERIA FOR QUALIFICATION AS AN ECE

A. ELIGIBLE CONTRACT PARTICIPANTS CONT'D	
7	governmental entities (including instrumentalities, departments, or agencies of a State or local governmental entities) that either: <ul style="list-style-type: none">• conduct transactions with certain other ECPs, or <input type="checkbox"/>• own and invest on a discretionary basis assets exceeding US\$25 million, or <input type="checkbox"/>• regularly enter into transactions in the underlying commodity; <input type="checkbox"/>
8	regulated broker-dealers and investment bank holding companies; <input type="checkbox"/>
9	regulated futures commission merchants; or <input type="checkbox"/>
10	commodities floor brokers or traders subject to regulation under the CEA in connection with transactions conducted on the facilities of registered boards of trade. <input type="checkbox"/>
B. ELIGIBLE COMMERCIAL ENTITIES	
Once classified as an ECP, an entity may then also be classified as an ECE if it meets certain additional criteria. The definition of an ECE is either:	
1	an entity qualified as an ECP under item 1, 2, 5, 7, 8 or 9 above and which, in connection with its business: <ul style="list-style-type: none">• has a demonstrable ability to make or take delivery of the underlying commodity⁴, or <input type="checkbox"/>• incurs risks in addition to price risk, related to the commodity⁵, or <input type="checkbox"/>• is a dealer that provides risk management or hedging services or engages in market making activities in the commodity; <input type="checkbox"/>
OR	
2	an entity qualified as an ECP under any of the items described in Section A above except for instrumentalities, departments, or agencies of a State or local governmental entities qualified as ECP under item 7 above and which: <ul style="list-style-type: none">• regularly enters into commodity derivatives transactions, and <input type="checkbox"/>• has, or is one of a group of persons under common control or management, assets exceeding US\$100 million (except for certain collective investment vehicles which must control assets exceeding US\$1 billion⁶). <input type="checkbox"/>

⁴ In the context of the *TR market*, given the crucial role that the transmission grid plays in the market for electricity, a large consumer or generator of electricity meets this “demonstrable ability” criteria, even though the *TR market* operates under a cash settlement convention and physical delivery of *transmission rights* is impossible.

⁵ See discussion in footnote 3.

PART 3 – CERTIFICATION

The undersigned is a duly authorized signatory of the entity specified below and hereby certifies **the accuracy of the above information and** that, based on the foregoing provisions of this Certificate, such entity is an Eligible Commercial Entity within the meaning of Section 1a(11) of the U.S. Commodities Exchange Act and agrees to notify the *IESO* if any of the foregoing information ceases to be accurate.

Name (Please Print)

Title

Signature

Date

⁶ Collective investment vehicles must meet the US\$1 billion asset test if they allow, as participants, persons other than (i) “qualified eligible persons”, as such term is defined in the Commodity Futures Trading (CFTC) rules, (ii) “accredited investors”, as such term is defined in Regulation D of the U.S. Securities Act of 1933 rules or (iii) “qualified purchasers”, as such term is defined in the U.S. Investment Company Act of 1940.

PART 4 – FOR IESO USE ONLY

Received by: _____

Checked by: _____

Accept: Yes No

Accepted by: _____

ID Number: _____

Acknowledged by: _____