

**Tariff, Attachment K-Appendix, Section 5.2.2(d) (reciprocal provision contained in Operating Agreement, Schedule 1, Section 5.2.2(d))**

In addition to transactions with PJM Settlement in the Financial Transmission Rights auctions administered by the Office of the Interconnection, a Financial Transmission Right, for its entire tenure or for a specified period, may be sold or otherwise transferred by an FTR Holder to a third party by bilateral agreement, subject to compliance with such procedures as may be established by the Office of the Interconnection. ~~for verification of the rights of the purchaser or transferee.~~

- (i) ~~Market Participants~~ Market Participants may enter into bilateral agreements ~~ss to for the transfer of to a third party a~~ Financial Transmission Right ~~st~~, for ~~its~~ their entire tenure or for ~~a~~ specified period. ~~s.~~ Such bilateral ~~transactions agreements~~ shall be reported to the Office of the Interconnection in accordance with this Schedule Attachment K-Appendix, Operating Agreement, Schedule 1, Section 5.2.2(d), and ~~pursuant to~~ the LLC's ~~rules~~ related to its FTR reporting tools.
- (ii) For purposes of clarity, with respect to all bilateral ~~transactions agreements~~ for the transfer of Financial Transmission Rights, the rights and obligations pertaining to the Financial Transmission Rights ~~that are the subject of such a bilateral transaction transferred thereunder~~ shall pass to the ~~buyer purchaser~~ under ~~the such~~ bilateral ~~contract agreement~~ subject to the provisions of this Schedule Attachment K-Appendix and Operating Agreement, Schedule 1, Section 5.2.2(d). The seller of Financial Transmission Rights in a bilateral agreement shall confirm to the Office of Interconnection, through the FTR reporting tools provided by the Office of Interconnection, that the seller has no continuing interest in the Financial Transmission Rights following their transfer. Such bilateral ~~transactions agreements~~ shall not modify the location or reconfigure the Financial Transmission Right ~~ts transferred thereunder~~. In no event shall the purchase and sale of a Financial Transmission Right pursuant to a bilateral ~~transaction agreement~~ constitute a transaction with PJM Settlement or a transaction in any auction under this Schedule Attachment K-Appendix and Operating Agreement, Schedule 1, Section 5.2.2(d).
- (iii) Consent of the Office of the Interconnection shall be required for a seller to transfer ~~to a buyer~~ any Financial Transmission Right Obligation to a purchaser. Such consent shall be based upon the Office of the Interconnection's assessment of the ~~buyer's~~ purchaser's ability to perform the obligations, including meeting applicable creditworthiness requirements, transferred in the bilateral ~~contract agreement~~. If consent for a transfer is not provided by the Office of the Interconnection, the title to the Financial Transmission Rights shall not transfer to the third party and the FTR Holder shall continue to receive all Transmission Congestion Credits attributable to the Financial Transmission Rights and remain subject to all credit requirements and obligations associated with the Financial Transmission Rights.

- (iv) A seller under such a bilateral ~~contract agreement~~ shall guarantee and indemnify the Office of the Interconnection, PJMSettlement, and the Members for the ~~buyer's purchaser's~~ obligation to pay any charges associated with the transferred Financial Transmission Right and for which payment is not made to PJMSettlement by the ~~buyer purchaser~~ under such a bilateral ~~transaction agreement~~.
- (v) All payments and related charges associated with such a bilateral ~~contract agreement~~ shall be arranged between the parties to such bilateral ~~contract agreement~~ and shall not be billed or settled by PJMSettlement or the Office of the Interconnection. The LLC, PJMSettlement, and the Members will not assume financial responsibility for the failure of a party to perform obligations owed to the other party under such a bilateral ~~contract agreement~~ reported to the Office of the Interconnection under this ~~Schedule Attachment K-Appendix and Operating Agreement, Schedule 1, Section 5.2.2(d)~~.
- (vi) All claims regarding a default of a ~~buyer purchaser~~ to a seller under such a bilateral ~~contract agreement~~ shall be resolved solely between the ~~buyer purchaser~~ and the seller.
- ~~(vi) Reports of bilateral Financial Transmission Rights agreements shall include all primary economic terms (PET) data requested by the Office of Interconnection through its FTR reporting tools. A report of a bilateral Financial Transmission Rights agreement shall be made no later than 48 hours following the execution of such agreement between the parties, and changes to any previously reported PET data shall be reported to the Office of Interconnection within 48 hours. The purchaser in a bilateral Financial Transmission Rights agreement shall upload the underlying contract document to the Office of Interconnection within 48 hours of execution to allow for verification of reported PET data; provided, however, that if the underlying contract document is in the form of a standard master agreement (such as the ISDA Master Agreement), the purchaser shall be required to upload the bilateral Financial Transmission Rights transaction confirmation including any and all special terms and provisions contained in the parties' agreement. All underlying contract documents which are provided to the Office of Interconnection pursuant to the requirements set forth herein shall be treated as confidential.~~
- (vii)