

### 6.3 Procedural Safeguards

If the ISO staff becomes aware of potentially sanctionable activity by a Market Participant, it shall report the activity to ISO's ~~Discretionary Acts Committee~~ ("DACPRC") ~~Penalty Review Committee~~ ("PRC"). The ~~PRC~~DACPRC will evaluate the reported activity pursuant to its procedures and, if warranted, shall recommend an appropriate sanction. All ~~DACPRC-PRC~~ decisions shall be made in a reasonable and non-discriminatory manner.

If the ~~DACPRC~~ recommends a sanction, the ISO shall send a "Notice of Recommended Sanction" to any Market Participant potentially subject to sanctions pursuant to the ~~DACPRC~~ procedures. The ~~DACPRC~~ shall afford Market Participants a reasonable opportunity to demonstrate that its activities are not sanctionable. Market Participants shall also have a reasonable opportunity to bring any mitigating circumstances to the ~~DACPRC~~'s attention and to explain why the ~~DACPRC~~, in the event that it decides to recommend a sanction, should reduce the sanction's severity.

If a Market Participant accepts a sanction recommended by the ~~DACPRC~~, the ISO will automatically impose the sanction. If a Market Participant disagrees with a recommended sanction it may appeal the ~~DACPRC~~'s decision to the Discretionary Acts Committee ("DAC"), and the DAC's decision may be appealed to the ISO's President and Chief Executive Officer ("CEO"), who must approve all contested sanctions. Market Participants may challenge any sanction approved by the CEO pursuant to the ISO Dispute Resolution Procedures.