



Atlanta Chicago Houston London New York Singapore

## ICE FUTURES CIRCULAR 06/076

31 May 2006

To: All Members

Copy to: The Financial Services Authority  
LCH.Clearnet Limited

Dear Member

### Launch of the cash-settled ICE Futures Rotterdam Coal Futures Contract and the ICE Futures Richards Bay Coal Futures Contract

The Exchange is pleased to announce its intention to launch, subject to regulatory approval, the ICE Futures Rotterdam Coal Futures Contract ("ICE Rotterdam Coal Futures") and the ICE Futures Richards Bay Coal Futures Contract ("ICE Richards Bay Coal Futures"), collectively referred to as the "Coal Contracts". Both Contracts will be cash settled and full Contract Specifications are attached. A launch date will be advised shortly.

Members who currently have access to trade Utility Contracts on the ICE Platform and wish to trade the Coal Contracts need take no further action as the Exchange will automatically add these Contracts to those which they currently have access to trade.

Those Members who do not currently have access to trade Utility Contracts should contact the ICE Futures Membership Department to arrange access to trade the Coal Contracts. Further, those Members who trade **only** ICE ECX CFI Futures on the ICE Platform and wish to trade the Coal Contracts should contact the ICE Futures Membership Department for further information.

### TRS Codes and Trade Types

Codes	ICE Rotterdam Coal Futures	ICE Richards Bay Coal Futures
Physical Contract	ATW	AFR
Logical Commodity	ATW	AFR
Generic Contract	F	F

	Trade type
EFP	E
EFS	S
Block Trade	K



It should be noted that for Futures Contracts this will be the first time that a Physical Contract code will consist of 3 letters and not the usual 1 letter.

### Third Party Notification

Back Office systems providers and Independent Software Vendors will be notified of the proposed launch of the Coal Contracts simultaneously with the release of this Circular.

### Exchange Transaction Fees

The Exchange transaction fees charged for the Coal Contracts will be advised shortly.

### Margins

Margin rates will be announced by LCH.Clearnet Limited in due course.

### Contract Rules

The Contract Rules and appropriate Rule amendments will be distributed shortly.

Please ensure that the appropriate members of staff and customers are made aware of the contents of this Circular.

If you require:

General information, Jason Pegley on +44 (0) 20 7265 3646 or email [jason.pegley@theice.com](mailto:jason.pegley@theice.com).

Access to trade information, Graham Brailey on +44 (0) 20 7265 3727 or email [graham.brailey@theice.com](mailto:graham.brailey@theice.com).

Yours sincerely,

**Patrick Davis**  
**Company Secretary**

It is suggested that this Circular is passed to the  
member of your staff in charge of:

Compliance	✓	Deliveries	✓	Back Office	✓
Technology	✓	ICE Platform	✓	Finance	✓

Thank you for your co-operation.



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**ICE Futures Rotterdam and Richards Bay**  
**Coal Futures Contracts**  
**Product Specifications**

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## ICE Futures Rotterdam and Richards Bay Coal Futures Contracts “ICE Rotterdam and Richards Bay Coal Futures”

### Contract Specification

<b>Date of launch</b>	To be determined.
<b>Trading hours</b>	Open 07:00, Close 17:00 (London local time).
<b>Trading mechanism</b>	Contracts are traded on the ICE Platform or by the Exchange of Futures for Physicals (EFPs), Exchange of Futures for Swaps (EFSs) or Block Trades.
<b>Contract size</b>	Minimum of 5 lots of 1,000 tonnes per lot.
<b>Unit of trading</b>	1 lot equals 1,000 tonnes of coal.
<b>Quotation</b>	The Contract price is in US dollars and cents per tonne.
<b>Minimum price fluctuation</b>	5 cents per tonne.
<b>Maximum daily price fluctuation</b>	There are no limits.
<b>Trading period</b>	6 consecutive contracts <u>month</u> .  6 consecutive <u>quarters</u> . Quarters are strips of three individual and consecutive contract months. Quarters always comprise a strip of Jan-Mar, Apr-Jun, Jul- Sep or Oct-Dec.  5 consecutive <u>seasons</u> . Seasons are strips of six individual and consecutive contract months. Season contracts always comprise a strip of Apr-Sep (Summer) or Oct-Mar (Winter)
<b>Position limits</b>	There are no limits to the size of position.
<b>Initial margin</b>	Calculated on all open contracts, initial margin is a deposit held by LCH. Clearnet Limited (“LCHC”) in order to cover the costs that may be incurred in closing out a position in default. It is returned upon the closing of the position, or at expiry, with interest.
<b>Daily variation margin</b>	All open contracts are ‘marked-to-market’ daily, with variation margin being called for as appropriate. This process compares the settlement price, established by ICE Futures with the previous day’s settlement price (or traded price for new contracts).

### Delivery Mechanism

<b>Cessation of Trading</b>	The contract <u>month</u> ceases trading at the close of business on the last Friday of the contract month.  The <u>quarters and seasons</u> cease trading as a quarter/season at the close of business on the last Friday of the first contract month in that quarter/season.
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### Delivery Mechanism – ICE Rotterdam Coal Futures

<b>Delivery</b>	ICE Rotterdam Coal Futures is cash-settled at a price equal to the API 2 Monthly Index as published in Argus/McCloskey’s Coal Price Index Report.
<b>The API 2 Monthly Index</b>	The API 2 Monthly Index is the simple arithmetic mean of: <ul style="list-style-type: none"> <li>• The cif ARA assessment published each Friday in Argus Coal Daily International and Argus Coal Daily by Argus Media,</li> <li>• McCloskey’s NWE steam coal marker published every Friday in McCloskey’s Fax and fortnightly in McCloskey’s Coal Report;</li> </ul> in accordance with the methodology set out at <a href="http://www.argusonline.com">www.argusonline.com</a> .

## Delivery Mechanism – ICE Richards Bay Coal Futures

<b>Delivery</b>	ICE Richards Bay Coal Futures is cash-settled at a price equal to the API 4 Monthly average API 4 Index as published in Argus/McCloskey's Coal Price Index Report.
<b>The API 4 Monthly Index</b>	<p>The API 4 Monthly Index is the simple arithmetic mean of:</p> <ul style="list-style-type: none"> <li>• The fob Richards Bay assessment published each Friday in Argus Coal Daily International and Argus Coal Daily by Argus Media.</li> <li>• The fob Richards Bay price as published every Friday in McCloskey's Fax and fortnightly in McCloskey's Coal Report.</li> <li>• The SACR (South African Coal Report) Europe Spot Price Indicator as published every Friday in 'From the Coal Face'; and monthly in South African Coal Report.</li> </ul> <p>in accordance with the methodology set out at <a href="http://www.argusonline.com">www.argusonline.com</a>.</p>
<b>Payment</b>	Payment for contracts will be made through LCHC on, or around, 2 business days after expiry of the contract month.
<b>Law</b>	The Contracts are governed by English law.

## Clearing and Regulation

<b>Clearing</b>	LCHC guarantees financial performance of all ICE Futures' contracts registered with it by its clearing members. ICE Futures Members are either members of LCHC, or have a clearing agreement with a Member who is a member of LCHC.
<b>Regulation</b>	<p>ICE Futures is regulated in the UK by the Financial Services Authority ("FSA") as a recognised investment exchange under Part XVIII of the Financial Services and Markets Act 2000 ("FSMA"). Further, ICE Futures has: secured the relevant regulatory approvals; or, secured a statement of no objection; or, satisfied itself that it does not require regulatory approvals, to allow direct access to the ICE Platform in a number of other overseas jurisdictions, such as USA and Singapore. The complete list of jurisdictions can be found at: <a href="http://www.theice.com/regulation.jhtml">www.theice.com/regulation.jhtml</a>.</p> <p>In accordance with FSMA, all ICE Futures General Participant Members based in the UK will be authorised and regulated by the FSA. Where General Participant Members are incorporated overseas, they may be regulated by the relevant regulatory authority in that jurisdiction.</p>

## Contact Details

For questions and/or comments on these Contracts please contact Utility Markets on:

<b>Tel:</b>	UK: +44 (0) 20 7265 3646 / 5737
<b>Mail:</b>	<p>ICE Futures Market Development International House 1 St Katharine's Way London E1W 1UY UK</p>
<b>Email:</b>	<a href="mailto:utilitymarkets@theice.com">utilitymarkets@theice.com</a>

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