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# ICE ECX Contracts: EUAs and CERs

## User Guide

May 2010

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### *Legal Notice*

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## 1. ICE ECX Futures Contract

### 1.1 Background

The EU Emissions Trading Scheme (EU ETS) commenced on 01 January 2005 establishing the world's largest market in emissions allowances, each emission allowance being an entitlement to emit one tonne of carbon dioxide equivalent gas. Established under Directive 2003/87/ EC, the EU ETS regulates the carbon dioxide emissions from installations across the EU and includes power generation, mineral oil refineries, offshore installations, and other heavy industrial sectors in its first phase from 2005–2007 ('Phase 1') and in its second phase from 2008-2012 ('Phase 2') to coincide with the first Kyoto Commitment Period. Further 5-year phases will follow.

Under the EU ETS, each Member State must prepare a National Allocation Plan which sets out that Member State's total quantity of emission allowances (known as European Union Allowances, or EUAs) to be allocated to all installations covered by the Scheme in that Member State and how those emissions allowances will be distributed to each installation which holds a permit to emit carbon dioxide. The EU ETS is run on a cap-and-trade basis – i.e. emissions from each installation are capped and therefore if an installation emits below this level then at the end of the compliance year it can trade the excess EUAs. On an annual basis, each installation falling under the EU ETS must surrender EUAs equivalent to its total emissions in the calendar year. An installation may therefore need to buy EUAs in order to surrender requisite EUAs at the year end; otherwise it will be forced to pay an excess emissions penalty (€100 per tonne in Phase 2).

The Kyoto Protocol establishes the Clean Development Mechanism (CDM) as a method for reducing emissions. Through a CDM project, a developed (so-called Annex I) country will implement an emissions reduction project in a non-Annex I country in order to generate credits known as Certified Emissions Reductions (CERs). As per the Linking Directive 2004/101/ EC, a supplement to the Directive 2003/ EC/ 87 of the EU Emissions Trading Scheme, CERs can be imported into the EU ETS for compliance purposes and are fully fungible with EUAs. Emission allowances are held in dematerialised form in a series of National Registries (see section 6.2.2 below).

### 1.2 Overview

The ICE Futures Europe ECX Futures Contracts (ICE ECX Futures) are designed to facilitate the trading, risk management, hedging and physical delivery of emission allowances in the EU ETS. Under the terms of a Cooperation and Licensing Agreement, ICE Futures Europe has been working together with the European Climate Exchange (ECX) in relation to the ICE ECX Futures. ECX is a member of the Climate Exchange Plc group of companies. Climate Exchange Plc (CLE) is listed on the AIM market of the London Stock Exchange.

The Contract Rules and Administrative Procedures for the ICE ECX Futures are based on industry contracts and practice. They are traded: on the Exchange's Electronic Trading System, the ICE Platform, (previously known as IPE ETS); or by the Exchange of Futures for Physicals/ Swaps (EFP/ EFS); or by the Block Trade Mechanism (see Section 3 below for further details).

The ICE ECX Futures are deliverable contracts where each Clearing Member with a position open at the cessation of trading for a contract month is obliged to make or take delivery of emission allowances to or from National Registries in accordance with the Contract Rules and Administrative Procedures. (See Section 6 below for further delivery details).

The ICE ECX EUA Futures contract was launched on Friday 22 April 2005, with the first contract month of December 2005. The ICE ECX CER Futures contract was launched on Friday 14 March 2008, with the first contract month of December 2008. The EUA Options contract was launched on 13 October 2006 and the CER Options contract on 16 May 2008. The EUA and CER Daily Futures contracts were launched simultaneously on 13 March 2009.

### 1.3 Listed Contracts Months

ICE ECX EUA and CER Futures are listed on a quarterly expiry cycle with March, June, September and December contract months up to December 2012. Annual contracts with December expiries for 2013 and 2014 are also listed for ICE ECX EUA Futures. The EUA and CER futures contracts have the same expiry dates (see Appendix D).

### 1.4 Trading Hours

The trading hours are 07.00 to 17.00 hours UK local time. The ICE Platform is open for a pre-trading period (pre-open) of 15 minutes from 06.45 hours prior to the commencement of the trading session at 07.00 hours to enable Members to input orders in readiness for the commencement of trading.

The ICE Platform settlement period for the ICE ECX Futures runs from **16:50:00 – 16:59:59** UK local time for the purpose of determining the settlement prices (see section 1.9).

### 1.5 Trading Mechanisms

The ICE ECX Futures is traded:

- a) Electronically on the ICE Platform by one or more Responsible Individuals registered to a Member or, in relation to a non-member, via order routing as a customer of an ICE Futures Europe Member through Web ICE or an ICE Futures Europe conformed Independent Software Vendor (ISV) trading access solution. ISVs offering conformed access solutions can be found at: <https://www.theice.com/isvs.jhtml> ;
- b) By the EFP/ EFS mechanism
- c) By the Block trade mechanism.

See Section 3 for further details of the trading mechanisms.

### 1.7 Expiry Day

The ICE ECX Futures Contract ceases trading at 17.00 hours UK local time on the last Monday of the contract month.

Where this falls on a Non-Business Day for the contract, or there is a Non-Business Day for the Contract in the 4 days immediately following the last Monday (e.g. if the Monday is a business day, but a Non-Business day(s) such as Christmas Day and/ or Boxing Day falls on the Wednesday/ Thursday of that week), the last day of trading shall be the penultimate Monday of the contract month. Where the penultimate Monday of the contract month falls on a Non-Business Day for the contract, or there is a Non-Business Day for the Contract in the 4 days immediately following the penultimate Monday, the last day of trading shall be the antepenultimate Monday of the contract month.

The Contract expiry dates are listed at Appendix D.

Each Clearing Member with an open position (subject to position maintenance) at the cessation of trading for that contract month is obliged to make or take delivery in accordance with the Contract Rules and Procedures.

See Section 6 for details of the Delivery process.

### 1.8 Daily Margin

All open ICE ECX Futures contracts are subject to initial margin and daily variation margin.

#### 1.8.1 Variation Margin

Each ICE ECX Futures contract is marked-to-market daily by ICE CLEAR EUROPE after the end of all trading with the profit or loss being taken daily throughout the life of the contract. The settlement price used in the calculation of variation margin is established at the close of trading of the Contract. (See Section 1.9 below for further details of the settlement price calculation).

### 1.8.2 Initial Margin

As with other ICE Futures Europe Contracts, initial margin is calculated by ICE CLEAR EUROPE using SPAN, with the exception to the ECX EUA & CER Daily Futures Contracts (Due to the daily expiry schedule, these Contracts will not be margined using SPAN). Please Check the ECX website at [www.ecx.eu](http://www.ecx.eu) for margin details..

Positions are netted by month, the resulting longs and shorts added together and margin rates applied in the usual manner i.e. full rate applied to uncovered lots and an inter-month spread rate applied to the covered portion. Margin rates are subject to periodic review. Please consult the ECX website for the current margin rates: [www.ecx.eu](http://www.ecx.eu).

An initial margin offset, called an Inter-commodity offset applies between EUAs and CERs.

If applicable, an Inter-commodity offset is also applied against other energy contracts. ICE CLEAR EUROPE reserves the right under ICE CLEAR EUROPE Regulations and Procedures to introduce such margin in the future and/ or amend other margin rates should they believe it necessary.

### 1.8.3 Intra-day Margin Calls

ICE CLEAR EUROPE reserves the right under ICE CLEAR EUROPE Regulations and Procedures to make intra-day margin calls up to 18.30 hours on any day of trading. This means that ICE CLEAR EUROPE may call intra-day margin from Members as a result of unexpected price movements or the existence of events or situations which ICE CLEAR EUROPE thinks may affect the price.

## 1.9 Settlement Prices

Settlement price determination is described in Trading Procedure 2.4. of the ICE Futures Europe Regulations. The settlement prices for the ICE ECX Futures are calculated in a similar way as the ICE Futures Europe Utility contracts and are calculated based on ICE Futures Europe trades transacted on the ICE Platform. EFP, EFS and Block Trades are not included in the calculation of settlement prices.

### 1.9.1 Settlement Procedure for ICE ECX Futures

The Unofficial Settlement Prices are determined from trades made during the settlement period which is a period of time specified by the Directors from time to time. The settlement period is **16:50:00 – 16:59:59** hours UK local time.

The Unofficial Settlement Price shall be:

- (i) Where the total number of lots traded during the closing period is equal to or exceeds 100 lots (or a level determined by the Exchange from time to time), the trade weighted average as detailed below in point 1.9.2;
- (ii) Where the total number of lots traded during the closing period is fewer than 100 lots (or the level determined by the Exchange from time to time), an Unofficial Settlement Price will be determined by a designated Market Supervision Official at his discretion as either:
  - (a) A Quoted Settlement Price ('QSP') which is an average of quoted prices for specific contract months provided daily by market participants.  
(Where the settlement price so established would be below a final valid bid or above a final valid offer equal to or greater in size than the level determined by the Exchange and made in the closing period, the settlement price shall be the final valid bid or offer of such size closest to the QSP.)

QSPs may be used to interpolate QSPs for those contract months for which no quoted prices are received from market participants or for which no bid or offer quotes are made; or

- (b) A price determined by the designated Market Supervision Official taking account of previous business day's settlement prices, bids and offers, spread values during that ICE Platform trading session, activity in other contracts or groups of contracts, and/ or in a related market, and/or other prices that are recorded by the Exchange or any other factors considered relevant.

### 1.9.2 Trade Weighted Average

The trade weighted average is calculated as follows:

- (a) Multiply the number of lots traded at each price by that price;
- (b) Add together the resulting aggregate figures;
- (c) Divide the total from (b) by the total number of lots traded in (a);
- (d) Where such average is an exact half tick, the price will be rounded up.

### 1.9.3 Official Settlement Price

An Unofficial Settlement Price may be corrected or amended at the discretion of the designated Market Supervision Official. Fifteen minutes after the display of the Unofficial Settlement Prices for a Contract, or the corrected Unofficial Settlement Prices for a Contract, such prices will be displayed as Official Settlement Prices for such Contracts. Prices will be displayed on the ICE Platform. The Official Settlement Prices for a Contract will be communicated to ICE CLEAR EUROPE by the Exchange forthwith, and will become the Exchange Settlement Prices for such Contract thirty minutes after the closing period.

No amendment to the Official Settlement Price for a Contract may be made without the express approval of the Vice President of Market Operations, or the Vice President of the Compliance Department or their appointed deputies, or other senior Exchange staff. Official Settlement Prices are available from Quote Vendors, displayed on ICE Platform and the Clearing Processing System (CPS) and used by ICE CLEAR EUROPE in the calculation of variation margin in the usual way.

## 1.10 Emissions Indices

On 9 January 2006, ECX/ ICE Futures Europe launched the following two indices:

- **ICE ECX EUA Futures Contract Morning Marker ("EUA Morning Marker").**  
The Emissions Morning Marker is a weighted average of all trades for ICE ECX EUA Futures traded within a 15 minute period from 09:00 – 09:15 hours UK local time. The Marker will be published shortly after at 09:15 hours UK local time for the front months and the following four December contracts.
- **ICE ECX EUA Futures Contract Emissions Index ("EUA Emissions Index").**  
The Emissions Index is a weighted average of all trades for ICE ECX EUA Futures in a particular contract month over the course of the trading day. The Index will be published shortly after 18:00 hours UK local time for the five December contracts.

On 12 January 2009, ECX/ ICE Futures Europe launched the following index:

- **ICE ECX CER Futures Contract Emissions Index ("CER Emissions Index").**  
The Emissions Index is a weighted average of all trades for ICE ECX CER Futures in a particular contract month over the course of the trading day. The Index will be published shortly after 18:00 hours UK local time for the five December contracts.

### 1.10.1 The EUA Emissions Morning Marker

The Emissions Morning Marker is a weighted average of trades in a particular month(s) of the ICE ECX EUA Futures during the fifteen minute period between 09:00 – 09:15 hours UK local

time and therefore provides an indicative price for the time period involved. The Emissions Morning Marker is published at 09:15 hours UK local time each day (or as soon as possible thereafter if reference to prices provided by market participants is required to determine the Marker).

The Emissions Morning Marker is calculated as follows:

*Sum (Trade Volume multiplied by Trade Price) for each contract month within the 15 minute period divided by Total Trade Volume (minus EFP, EFS, Block Trades and Contra Volume) during that 15-minute period*

#### 1.10.2 The EUA Emissions Index

The Emissions Index is the weighted average of trades in particular month(s) of the ICE ECX EUA Futures during the trading day. It is published shortly after the close of each day's trading at 18:00 hours UK local time.

The Emissions Index is calculated as follows:

*Sum (Trade Volume multiplied by Trade Price) for each contract month divided by Total Daily Volume (minus EFP, EFS, Settlement and Contra Volume)*

In the absence of a minimum of 20 lots being traded in a contract month, the price will be determined by reference to the Official Settlement Price for the contract month. In the absence of a minimum number of 20 lots being traded in a contract month, the price will be determined by reference to prices provided by market participants.

#### 1.10.3 The CER Emissions Index

The Emissions Index is the weighted average of trades in particular month(s) of the ICE ECX CER Futures during the trading day. It is published shortly after the close of each day's trading at 18:00 hours UK local time.

The Emissions Index is calculated as follows:

*Sum (Trade Volume multiplied by Trade Price) for each contract month divided by Total Daily Volume (minus EFP, EFS, Settlement and Contra Volume)*

In the absence of a minimum of 20 lots being traded in a contract month, the price will be determined by reference to the Official Settlement Price for the contract month. In the absence of a minimum number of 20 lots being traded in a contract month, the price will be determined by reference to prices provided by market participants.

#### 1.10.4 Publication Mechanisms

All three indices, Emissions Index, CER Emissions Index and the Emissions Morning Marker are available on [www.theice.com/indices](http://www.theice.com/indices) and [www.ecx.eu](http://www.ecx.eu).

### 1.11 Price Transparency, Information and Data Vendors

Real-time prices are available on the ICE Platform screens, ICE Futures Europe Energy Live and through the major information and data vendors. As a result, the price at which a particular contract month is trading can be known instantly by all participants.

ICE Futures Europe Market data is available from these Market Data Vendors in the table below.



Vendor	Code/ Page
<b>Bloomberg</b>	EMIT (see tab 92 for EUA Futures) OMON (EUA Options) CARA comdty CT<GO> (CER Futures) CARZ9C (CER Options) ICEDEUA (EUA Daily Futures) ICEDCER (CER Daily Futures)
<b>CQG</b>	UX (EUA Futures) Options UX (EUA Options) UXS12 & S24 (EUA Calendar Spreads) QCER (CER Futures) Options QCER (CER Options) ECX (EUA Daily Futures) CES (CER Daily Futures)
<b>E-Signal/ FutureSource</b>	LUX (EUA Futures) ECFI{month}-ICE (EUA Options) <17t>CERmy (CER Futures) CER{month}-ICE (CER Options) ECS 9H-ICE (EUA Daily Futures) CES 9H-ICE (CER Daily Futures)
<b>ICE Live</b>	LUX
<b>IDC</b>	<17>t,UX (EUA Futures) <17t>CERmy (CER Futures)
<b>Reuters</b>	0#CFI: (EUA Futures) CFI+ (EUA Options) 0#CFI2-: (EUA Calendar Spreads) 0#CERE: (CER Futures) 0#CERE-: _CER Calendar Spreads) 0#CECF-: (CER/EUA Spreads) 0#CERE+ (CER Options) 0#CFI2D: (EUA Daily Futures) ICEDCER (CER Daily Futures)

[https://www.theice.com/publicdocs/data/QV\\_System\\_Codes.pdf](https://www.theice.com/publicdocs/data/QV_System_Codes.pdf)

Prices, news and market commentary is also available daily from Point Carbon, Platts, Argus Media, Dow Jones etc.

## 1.12 Fees

### 1.12.1 ICE Platform Related Fees

ICE Futures Europe' front-end trading software - known as 'WebICE' - provides access for Traders, Risk Managers and View Only's, will be charged the ICE Futures Europe exchange fee of \$55 per access, per month. The ICE Futures Europe exchange fee is waived for all IDs that execute at least one trade in that calendar month. Reports Only and Accounting accesses, which do not have access to real-time markets, are provided at no cost.

### 1.12.2 Trading, Clearing and Delivery Fees

#### Futures

The Exchange transaction fee of €2.00 (€0.002 per tonne) per side per lot for Members' proprietary business and €2.50 per side per lot for non proprietary business is collected in the usual manner by ICE CLEAR EUROPE on behalf of the Exchange from Clearing Members in whose name the trade is registered.

ICE CLEAR EUROPE also collects in the usual manner a clearing/ registration fee of €1.50 per side per lot (€0.0015 per tonne) from the Clearing Member in whose name the trade is registered.

These fees are set out in tabular form below.

### Futures Fee Table

	ICE Futures Europe transaction fee and EFP/ EFS/ Block Trade fee per side per lot	ICE CLEAR EUROPE clearing/ registration fee per side per lot
Member's proprietary business	€2.00 per lot	€1.50 per lot
Member's business other than proprietary business (i.e. business in position keeping accounts other than 'H')	€2.50 per lot	€1.50 per lot
Exercise of Options	n/a	€2.00 per lot

### Daily Futures Fee Tables

	ICE Futures Europe transaction fee and EFP/ EFS/ Block Trade fee per side per lot	ICE CLEAR EUROPE clearing/ registration fee per side per lot
Member's proprietary business	€4.00 per lot	€3.00 per lot
Member's business other than proprietary business (i.e. business in position keeping accounts other than 'H')	€5.00 per lot	€3.00 per lot

No transaction fee or ICE CLEAR EUROPE registration fee is charged on the futures contract resulting from the exercise of an option or physical delivery of the futures.

### Membership Fees Table

There is an ICE and an ECX membership one-off application fee (the ICE application fee is waived for existing ICE members), as well as an ICE and ECX membership fee per annum (see breakdown in table below).

Participant	Annual subscriptions		One-off Application Fees		Year 1 Total Fees	Year 2 Total Fees
	ICE Membership	ECX Emissions Trading Privilege	ICE Membership	ECX Emissions Trading Privilege		
General	\$11,500	€2,500	\$4,500	€2,500	\$16,000 + €5,000	\$11,500 + €2,500
Trade	\$4,500	€2,500	\$4,500	€2,500	\$9,000 + €5,000	\$4,500 + €2,500

## 1.13 Fines

### 1.13.1 Delivery Related Fines

Failure by Clearing Members to comply with their delivery obligations shall result in the imposition by the Exchange of a fine(s). Offences may range from the failure to submit delivery related documents to the more serious failed and delayed deliveries offences. As is normal Exchange practice, all fines may be appealed.

Further detail is set out in Guidance (e.g. the officers of the Exchange who are authorised to impose such fines, the procedure governing the exercise of such authority, and the appeal procedure) which is issued where appropriate.

The tariffs are set out below.

Offence	Tariff for first offence
Failure to make or take delivery	€5,000 or 1% of contract value, whichever is the greater (a failed delivery of 10 lots with contract price of €14, would result in a fine of €5,000 as 1% is only €1,400)
Failure for late delivery	€500
Failure to provide delivery documentation on time	€150

### 1.14 Value Added Tax (VAT)

The UK's HM Revenue and Customs have confirmed that the trading of the ICE ECX EUA and CER Futures and the EUA and CER Daily Futures contracts on the Exchange between the Clearing Member and ICE Clear Europe is zero-rated for VAT purposes under the terms of the Terminal Markets Order.

Clearing Members are advised to seek their own advice in relation to the VAT treatment on the transfer of allowances between themselves and their client or for allowances used for their own purposes. Normal VAT rules apply between Clearing Members and their customers on delivery according to the rules of the country in which delivery occurs.

### 1.15 Incentive Schemes

The Exchange has put in place incentive arrangements for the ICE ECX Futures, ICE ECX Options and ICE ECX Daily Futures. Each scheme runs for a duration of six months. Details of the arrangements, including the commercial terms, were announced in the following circulars:

ICE ECX EUA and CER Futures: <https://www.theice.com/publicdocs/circulars/09021.pdf>  
 ICE ECX Daily Futures <https://www.theice.com/publicdocs/circulars/09012.pdf>  
 ICE ECX Options: <https://www.theice.com/publicdocs/circulars/09023.pdf>

For more information or to register your interest in this programme please contact Sam Johnson-Hill at +44 (0)20 7382 7814.

## 2. ICE ECX Daily Futures

*Information which is specific to ICE ECX Daily Futures, or which the Exchange considers of significant interest, is set out in the following points. Where other Contract related information is common to, and applies to, both ICE ECX Futures and ICE ECX Daily Futures, this appears in Section 1 of this User Guide.*

### 2.1 Overview

The Contract Rules and Administrative Procedures for the ICE ECX Daily Futures are based on industry contracts and practice. It is traded on the Exchange's Electronic Trading System, the ICE Platform; or by the Exchange for Physical (EFP)/ Exchange for Swap (EFS) facilities; or by the Block Trade Mechanism.

The Contract Specifications can be found in Appendix E.

## 2.2 Listed Contracts

The listed contracts are daily futures on EUAs and CERs. Only one Daily Contract of each EUA and CER is listed at any one time.

## 2.3 Expiry Day

The ICE ECX Daily Futures Contracts cease trading at 17.00 hours UK local time.

Each Clearing Member with an open position (subject to position maintenance) at the cessation of trading for that daily contract is obliged to make or take delivery in accordance with the Contract Rules and Procedures.

## 2.4 Margin

ICE Clear Europe will charge Buyer/Seller Security in the following manner:

- The Buyer will pay full contract value by 09:00 on the first Business Day following the relevant trade date. Full contract value will represent the EDSP multiplied by the number of lots held. A separate Variation Margin payment/call will be made by 09:00 on the first Business Day following the relevant trade date in order to reflect the profit/loss between the EDSP and the trade price; and
- The Seller will pay Seller Security by 09:00 on the first Business Day following the relevant trade date. Seller Security will represent a percentage of the EDSP multiplied by the number of lots held (paid in order to protect ICE Clear Europe against non-delivery and/or Clearing Member default). On the second Business Day following trade date, a Seller that has fulfilled its obligations under the contract will receive full contract value together with the relevant Seller Security. A separate Variation Margin payment/call will be made by 09:00 on the first Business Day following the relevant trade date in order to reflect the profit/loss between the EDSP and the trade price

## 2.5 Settlement Prices

The Settlement Prices for the ICE ECX Daily Futures Contracts is a trade weighted average during the daily closing period (**16:50:00 – 16:59:59** UK Local Time) with Quoted Settlement Prices if low liquidity. The settlement price will become the Exchange Delivery Settlement Price (EDSP).

### 2.5.1 Trade Weighted Average

The trade weighted average is calculated as follows:

- (a) Multiply the number of lots traded at each price by that price;
- (b) Add together the resulting aggregate figures;
- (c) Divide the total from (b) by the total number of lots traded in (a);
- (d) Where such average is an exact half tick, the price will be rounded up.

## 2.6 Delivery

The Contracts are physically deliverable by the transfer of EUAs or CERs from the Person Holding Account of the Selling Clearing Member at a Registry to the Person Holding Account of ICE Clear Europe at a Registry and from the Person Holding Account of ICE Clear Europe at that Registry to the Person Holding Account of the Buying Clearing Member at a Registry.

Rule II.1(c) of the Regulations states that “the Exchange shall, from time to time, determine the Registries to and from which delivery may be made under a CER Contract”. As all 27 EU Member States’ Registries currently meet the eligibility criteria as set out in Article 17 of the Kyoto Protocol and have implemented the Linking Directive in an appropriate manner including establishing the link to the ITL Registry, ECX and ICE allow delivery to and from all 27 EU registries, as announced in the following Circular.  
<https://www.theice.com/publicdocs/circulars/08114.pdf>

Delivery is between Clearing Members and ICE Clear Europe during a Delivery Period. The Delivery Period is the period beginning at 18:30 hours on the Contract Date and ending at 19:00 hours on the second Business Day following the relevant Contract Date. There is provision for ‘Late’ and ‘Failed’ delivery within the Contract Rules.

The details of the delivery mechanism are set out in the figure below.

	Allowance flow	Cash flow	Comments
T (Trade Date)	<b>17:00:</b> Expiry of daily futures Contract		<b>There is no limit on the earliest time which a Seller’s CM can enter a transfer request.</b>
T+1	<b>By 18:30:</b> ICE Clear Europe receives EUAs/CERs from Seller’s CM <b>By 19:00:</b> ICE Clear Europe transfers EUAs/CERs to Buyer’s CM	<b>By 09:00:</b> Buyer’s CM pays full contract value. Seller’s CM pays Seller’s Security.	<b>ICE Clear can pass EUAs/CERs to Buy-side as soon as it has received allowances and Cash from the Buyer.</b>
T+2	<b>By 19:00:</b> Buyer’s CM receives EUAs/CERs from ICE Clear Europe	<b>By 09:00:</b> Seller’s CM receives full contract value.	

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### 3. ICE ECX Options Contract

*Information which is specific to ICE ECX Options, or which the Exchange considers of significant interest, is set out in the following points. Other Contract related information which is common to, and applies to, both ICE ECX Futures and ICE ECX Options, appears in Section 1 of this User Guide.*

#### 3.1 Background

Following the successful launch of ICE ECX EUA Futures Contract in April 2005, and as contemplated by the Co-operation and Licensing Agreement between ICE Futures Europe, the Chicago Climate Exchange and the European Climate Exchange (ECX), ICE Futures Europe and ECX launched ICE ECX EUA Options on Friday, 13 October 2006. In addition, ICE Futures Europe and ECX launched ICE ECX CER Options on Friday, 16 May 2008. On 10 July 2009, ECX and ICE Futures Europe were amended its ICE ECX EUA and CER Options

to become 'Serial' Options. The quarterly serial options all expire into December Futures contracts of the same year (e.g. an EUA September 2009 call option will expire into a December 2009 Futures contract). At the same time, the strike price increments for ICE ECX EUA and CER Options were reduced from €1.00 to €0.50.

### 3.2 Overview

The Contract Rules and Administrative Procedures for the ICE ECX Options are based on industry contracts and practice. It is traded: on the Exchange's Electronic Trading System, the ICE Platform; or by the Exchange of Futures for Swaps (EFS); or by the Block Trade Mechanism.

The Contract Specification is attached. The significant points to note are that each ICE ECX Options Contract is an option on either ICE ECX EUA Futures or ICE ECX CER Futures and therefore at expiry, one lot of ICE ECX Options will exercise into one lot of its respective underlying ICE ECX Future (ICE ECX EUA Options expire into ICE ECX EUA Futures, ICE ECX CER Options expire into ICE ECX CER Futures). ICE ECX Options are European-style with the premium paid by the Buyer at the time of execution. Options will automatically exercise if they are one or more ticks in-the-money on the day of expiry with reference to that day's official settlement price of ICE ECX Futures. At-the-money and out-of-the-money options will expire and there are no early or manual exercise facilities. The expiry day for Options is three business days before the expiry day of the respective ICE ECX Futures for that contract month.

### 3.3 Listed Contracts Months and Strike Prices

Up to 8 contract months are listed on a quarterly expiry (March, June, September and December), with 4 new contract months listed on expiry of the December contract. Additional December contracts are listed out to Dec 12.

For clarity: upon the exercise of an option in a specific contract month, a December futures contract of the same contract year will result; e.g. the exercise of a March 10 Option will result in a December 10 Futures Contract.

For each contract month, a range of strike prices are automatically listed for each contract month covering the price range from €1.00 - €100.00 with the strike price interval of €0.50.

### 3.4 Trading Hours

The trading hours are 07.00 to 17.00 hours UK local time (07.00 to 16.15 hours for the expiring contract month on the expiry day).

The ICE Platform is open for a pre-trading period (pre-open) of 5 minutes from 06.55 hours prior to the commencement of the trading session at 07.00 hours to enable Members to input orders in readiness for the commencement of trading.

The ICE Platform designated settlement period for the ICE ECX Options runs from 16.00 to 16.15 hours UK local time for the purpose of determining the settlement prices.

### 3.5 Trading Mechanisms

The ICE ECX Options Contracts are traded:

- a) Electronically on the ICE Platform by one or more Responsible Individuals registered to a Member or, in relation to a non-member, via order-routing as a customer of an ICE Futures Europe Member who has an Emissions Trading Privilege through Web ICE or an ICE Futures Europe conformed Independent Software Vendors;
- b) By the EFS mechanism;
- c) By the Block trade mechanism;

See Section 3 for further details of the trading mechanisms.

### 3.6 Expiry Day and Option Exercise

The ICE ECX Options for the expiring month ceases trading at 16:15 hours UK local time on the third Business Day before the expiry day of the relevant ICE ECX Futures contract month.

Options will automatically exercise if they are one or more ticks in-the-money with reference to that day's official settlement price of ICE ECX Futures. At-the-money and out-of-the-money options will expire and there are no early or manual exercise facilities. See table in Appendix D for specific expiry dates.

### 3.7 Premium Payments

The buyer pays the premium to ICE CLEAR EUROPE and the seller is credited with the premium by ICE CLEAR EUROPE on the next business day following the day of trade.

### 3.8 Net Liquidation Value

All open contracts are subject to the calculation of net liquidation value (NLV) which ICE CLEAR EUROPE uses to measure the current value of the option. The NLV is valued at the end of each trading day using the settlement prices and its value is determined by:

*The price of the option x Number of open lots x Contract size / Tick value.*

Long positions produce a credit NLV, short positions produce a debit NLV.

Debit NLV may be covered using ICE CLEAR EUROPE approved collateral being:

- (a) Credit NLV on other options positions where the Member is a buyer
- (b) Other collateral, e.g. cash, Bonds, Bank Guarantee

Credit NLV may be used to offset certain other ICE Futures Europe liabilities as follows:

- (a) Debit NLV on other options positions where the Member is a seller
- (b) Contingent Variation Margin on positions which a Member may have trades under delivery
- (c) Initial Margin requirements

It should be noted that the daily change to NLV is similar to variation margin on other Contracts i.e. the debit NLV of the option will change from day to day as the option price changes in the market and the seller must have sufficient collateral to cover this debit. (Please see worked example below.)

### 3.9 Daily Margin

All open ICE ECX Options Contracts are subject to initial margin and daily variation margin.

#### 3.9.1 Variation Margin

Each ICE ECX Options Contract is marked-to-market daily by ICE CLEAR EUROPE after the end of all trading with the profit or loss being taken daily throughout the life of the contract.

The settlement price used in the calculation of variation margin is established at the close of trading of the contract (see section 2.9 for further details of the settlement price calculation).

#### 3.9.2 Initial Margin

As with other ICE Futures Europe and Options Contracts, initial margin is calculated by ICE CLEAR EUROPE using SPAN.

As the option is being used as collateral, the buyer must pay initial margin to cover any adverse price movements when realising the collateral in the event of a default occurring.

Initial margin obligations may be covered by:

- (a) Credit NLV
- (b) Cash, Bonds or Bank Guarantee

At present there are no inter-commodity spreads or spot month top up margin applied. ICE CLEAR EUROPE reserves the right under ICE CLEAR EUROPE Regulations and Procedures to introduce such margin in the future and/ or amend other margin rates should they believe it necessary.

### 3.9.3 Intra-day Margin Calls

ICE CLEAR EUROPE reserves the right under ICE CLEAR EUROPE Regulations and Procedures to make intra-day margin calls up to 18.30 hours on any day of trading. This means that ICE CLEAR EUROPE may call intra-day margin from Members as a result of unexpected price movements or the existence of events or situations which ICE CLEAR EUROPE thinks may affect the price.

### 3.9.4 Worked Example

Dec 2009 1600 Strike Call Option

Premium trade price = €2.50

Option settlement price on day of trade = €2.75

On expiry the buyer receives 1 carbon emissions future at €16.00

On expiry the option is worth €2.80 as the futures price is = €18.80

The credit/ debit NLV of the buyer/ seller becomes Variation Margin on the futures position.

Day	Option Price	Buyer Credit NLV	Seller Debit NLV	Premium	Variation Margin Buyer	Variation Margin Seller
<b>Trade</b>	2.50	0	0	2,500		
<b>Day 1</b>	2.75	2,750	-2,750			
<b>Day 2</b>	2.15	2,150	-2,150			
<b>Day 3</b>	2.80	2,800	-2,800			
<b>Expiry</b>	2.80	0	0		2,800	2,800
<b>On trade date</b>		<b>Buyer</b>		<b>Seller</b>		
Premium		-2,500		2,500		
Credit NLV (settlement price)		2,750		0		
Cash/ Bonds held		5,000		3,000*		
<b>Total</b>		<b>7,750</b>		<b>3,000</b>		
<b>Obligations:</b>						
Debit NLV		0		-2,750		
Current non emissions initial margin		-4,000		-1,000		
Emissions option margin		-1,000		-1,000		



Total obligations	-5,000	-4,750
Net	Using 7,750 to cover -5,000 = +2,750	Cover held of 3,000 to cover – 4,750 = -1,750

\* In this example this figure includes the 2,500 premium as cash.

### 3.10 Settlement Prices

Settlement price determination is described in Trading Procedure 2.4. of the ICE Futures Europe Regulations. The settlement prices for the ICE ECX Options are calculated in a similar way as the other Option Contracts traded on the Exchange and are calculated based on the Options trades transacted on the ICE Platform. EFS and Block Trades are not included in the calculation of settlement prices.

The Unofficial Closing Prices are determined from trades made during the designated settlement period which is **16:50:00 – 16:59:59** hours UK local time.

The Market Supervisor shall initially calculate settlement prices for all contracts in accordance with the settlement procedures below:

- (a) Where trades are executed in the designated settlement period, the trade weighted average
- (b) Where no trades are executed in the designated settlement period, and the last traded price of a series (regardless of time of trade) is within the closing bid/ offer then this price will be the settlement price
- (c) Where the traded price above is outside the closing quotation or where no trade has taken place in a particular series then the mid point of the closing quote will be the settlement price, rounded up to the nearest tick

Where the settlement price so established in (b) or (c) above would be unrepresentative/ there are no closing quotes, the settlement price shall be determined at the discretion of the Market Supervisor as either:

- (i) A price extrapolated from a pricing model (as approved by the Exchange from time to time) which may require the use of quotes provided by market participants
- (ii) A price determined by the Senior Exchange Official taking account of any of the criteria listed in Trading Procedure 2.4.10

Fifteen minutes after their display on the ICE Platform of the Unofficial Settlement Prices, such prices become the Official Settlement Prices. Official Settlement Prices are available from Quote Vendors, displayed on ICE Platform and the Clearing Processing System (CPS) and used by ICE Clear Europe in the calculation of Net Liquidating Value.

### 3.11 Transaction Charges

The transaction fee charged by the Exchange for the ICE ECX Options (including Block Trades and EFSs) is €2.00 per lot per side for Members' proprietary business (i.e. €0.002 per tonne) and €2.50 per lot per side for all other business (i.e. €0.0025 per tonne).

The ICE CLEAR EUROPE clearing fee is €1.50 per lot per side (i.e. €0.0015 per tonne).

No transaction fee or ICE CLEAR EUROPE clearing fee is charged on the futures contract resulting from the exercise of an option.

## 4. Trading the ICE ECX Futures and Options Contracts

### 4.1 Trading Mechanisms – ICE Platform

ICE ECX Futures and Options are traded electronically on the ICE Platform.

ICE Futures Europe Members may access the ICE Platform for the purpose of placing ICE ECX Futures and Options orders for execution providing they have an Emissions Trading Privilege (see point 2.6 below) and have at least one Responsible Individual registered with the Exchange (see point 2.7 below).

Members who currently access the ICE Platform to trade other ICE Futures Europe Contracts will need to update their portfolios.

All orders entered into the ICE Platform and the resulting executed trades are anonymous. Once executed, trades flow automatically through to the Trade Registration System (TRS) for account assignment. Account and user reference details may be entered pre-execution on the ICE Platform or post-execution on TRS. Allocations and 'give ups' are actioned in the normal way through TRS. (See Section 3 for further TRS details).

Members providing a clearing service for other ICE Futures Europe Members' ICE Platform executed trades may monitor such executed trades and positions via their TRS terminals in the usual way.

Members providing order-routing facilities to their clients may monitor orders by use of "Clearing Firm Support" where the front-end application is WebICE or by the facilities provided by the ISV where the front-end application is provided by the ISV.

#### Order-routing

A non-member of ICE Futures Europe may, as a client of a Member, and by arrangement with/ permission of the Member, route orders via Web ICE which is the front-end application to the ICE Platform or via a front end application please see under section 1.6

#### 4.1.1 Reasonability Limits

The ICE Platform maintains reasonability limits to prevent 'fat finger' type errors. These are hard limits above or below an Exchange set anchor price. Bids above the reasonability limit and offers below the limit are not accepted. Offers above and bids below the reasonability limit are accepted but are not tradable unless the market moves to bring them within the reasonability limit.

The reasonability limit for ICE ECX Futures is available at: <https://www.theice.com/publicdocs/circulars/09043%20attach.pdf>

#### 4.1.2 No Cancellation Range

The Exchange determines parameters above or below an Exchange set anchor price for each contract within which a trade alleged as an error trade may not be cancelled. Such parameters are known as a 'no cancellation range'

Trades within the no cancellation range will not, under most circumstances, be cancelled by the Exchange, whether as a result of error or otherwise, in order that Market users can have confidence that traded levels will stand.

The no cancellation range parameter for ICE ECX Futures is available at: <https://www.theice.com/publicdocs/circulars/09043%20attach.pdf>

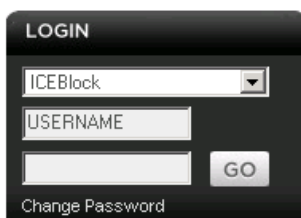
## 4.2 Trading Mechanisms - Exchange of Futures: Physical (EFP) and Swaps (EFS)

EFP and EFS trades are permitted for the EUA and CER Futures Contracts as well as EUA and CER Daily Futures Contracts ('Spot'). The ICE ECX Futures EFPs and EFSs have the TRS trade type of 'O'. EFS trades are permitted for Options contracts - the ICE ECX Options EFSs have the TRS trade type of 'S.' The ICE ECX Daily Futures EFSs have the TRS trade type of 'O.'

### The two key uses of the EFP facilities:

1. To permit bilaterally traded physical and paper transactions to be hedged using ICE ECX contracts in a single contingent transaction (e.g. where the seller of a bilateral emissions contract becomes the buyer of an ECX Futures contract and the buyer of a bilateral emissions contract becomes a seller of an ECX Futures contract).
2. To enable holders of OTC swap positions to replace them with the equivalent in ICE Futures Europe contracts.

EFPs and EFSs may be reported to the Exchange for registration by ICE CLEAR EUROPE up to 30 minutes after the close of business (17.30 hours UK local time) each day and up to 30 minutes after the cessation of trading in the relevant contract month (17.30 hours UK local time) on expiry days.



EFPs and EFSs may be reported by Members using the ICE Block facility. A copy of the appropriate forms are attached as Appendices B and C. It is the Buyer who inserts the details of the EFP/ EFS trade, alleges it to his counterparty. The Seller then confirms the details, whereby the trade is matched. Non-Members may request their Clearing Member to insert the trade on their behalf.

Details of such transactions, with the exception of the price are made available during the business day.

Upon demand by the ICE Futures Europe Compliance Officer, Members are required to obtain and provide independent evidence to support the underlying physical or swap transaction. ICE CLEAR EUROPE monitors all EFPs and EFSs and reserves the right to refuse to register any EFP and EFS or to request that additional funds are deposited prior to registration of specific EFPs and EFSs.

As with EFPs or EFSs for other ICE Futures Europe contracts, those trades which fall outside of the high/ low of the day, or outside of a maximum price movement from the previous night's settlement price for that contract month, must obtain approval from the ICE Futures Europe Compliance Department before registration. For this contract the maximum price movement is **€1.00**. Please access this Guidance Document for full details on the use of EFPs and EFSs: [https://www.theice.com/publicdocs/futures/ICE\\_Futures\\_EFP\\_EFS\\_Policy.pdf](https://www.theice.com/publicdocs/futures/ICE_Futures_EFP_EFS_Policy.pdf)

### 4.3 Trading Mechanisms – the Block Trade Facility

Block trades may be traded for the EUA and CER Futures contracts and for Options contracts as well as EUA and CER Daily Futures contracts.. ICE ECX Futures, Daily Futures and Options Block trades have the TRS trade type of ‘K’.

The minimum volume threshold, which is the minimum number of lots in that can be traded as a Block trade for this contract, is 50 lots.

Where a General Participant Member enters into a Block trade with or on behalf of a client who is not a Member of the Exchange, that client must be an Intermediate Customer or market counterparty as defined by the FSA Rules. A Member may not enter into a Block trade with or on behalf of any other type of client who is not a Member of the Exchange.

All Block trades must be submitted to the Exchange as soon as is practicable but in any event within 5 minutes of the transaction being completed.

Block trades may be reported by Members using the ICE Block facility. A copy of the appropriate forms are attached as Appendices B and C. It is the Buyer who inserts the details of the Block trade, alleges it to his counterparty. The Seller then confirms the details, whereby the trade is matched. Non-Members may request their Clearing Member to insert the trade on their behalf.

Volume thresholds and time parameters for Block Trades are reviewed periodically and may be amended at any time by the Exchange.

### 4.4 Settlement Trades

Settlement trades **are not permitted** in these Contracts.

### 4.5 Calendar Spread Functionality

Calendar spread functionality is available for ICE ECX Futures as set out in the matrix below:

There are no valid calendar spreads in relation to the shaded cells. The calendar spreads are enabled implication of spread prices from outright contract months and vice-versa.

Contract Month	Dec08	Dec09	Dec10	Dec11	Dec12
Dec08					
Dec09					
Dec10					
Dec11					
Dec12					

Members should note that a spread trade is considered as two separate trades for the purposes of Exchange transaction fees and [ICE CLEAR EUROPE clearing fees](#).

### 4.6 ICE Maker functionality

The ICE Maker functionality allows traders to link their proprietary front-end trading strategies in Excel to manage orders on the ICE Platform without the need to write complex API code. ICE Maker enables traders to efficiently manage multiple simultaneous orders and complex spread relationships using Excel formulas to integrate real-time data from ICE and 3<sup>rd</sup>-party data feeds within the browser-based Web ICE. Further information on ICE Maker is available from [www.theice.com/ice\\_maker.jhtml](http://www.theice.com/ice_maker.jhtml).

## 4.7 Market Supervision – the ICE Platform

Designated **Market Supervision Officials** monitor the ICE Platform trading sessions to ensure that trading is carried out in accordance with the Rules and the Trading Procedures, and report apparent breaches to the ICE Futures Europe Compliance Department. They have the facility to activate and deactivate users on the ICE Platform and send Market Notices via the system.

## 4.8 Eligibility to Trade the ICE ECX Futures Contract

### 4.8.1 Emissions Trading Privilege

In order to trade the ICE ECX Futures and Options, a Member must:

- (a) Be a General, Trade or Individual Participant Member;
- (b) Be party to an Electronic User Agreement; and
- (c) Be the holder of an Emissions Trading Privilege.

A non-clearing Member of the Exchange who is the holder of an Emissions Trading Privilege and who is trading the Contract, is required to clear the Contract through a clearing Member who is also the holder of an Emissions Trading Privilege.

Circular 04/85 dated 8 December 2004 advised Members of the requirement to have an Emissions Trading Privilege and contained a grandfathering form for completion by existing ICE Futures Europe Participant Members (“the Grandfathering Form”). Successful completion of the Grandfathering Form ensured that the Participant Member acquired an Emissions Trading Privilege enabling that Member to trade/ clear (as appropriate) the ICE ECX Futures upon the launch of the Contract.

For Members who did not complete such a form but who wish to trade/ clear the Contract, please contact ICE Futures Europe Membership department (Narinder Nijher, Tel: +44 (0) 20 7065 7740, Email: [DL-membership@theice.com](mailto:DL-membership@theice.com)) to apply to hold an Emissions Trading Privilege.

Once obtained, a Member may at any time cancel an Emissions Trading Privilege. It is not transferable and a Member may not hold more than one Emissions Trading Privilege.

There is a one-off application fee of €2,500 for an Emissions Trading Privilege for those firms applying for ICE Futures Europe Membership and intending to trade/ clear (as appropriate) the ICE ECX Futures and/ or Options. Thereafter there is an annual subscription of €2,500 for an Emissions Trading Privilege. In addition ICE membership fees on top of the Emission trading privileges are applicable. (the ICE application fee is waived for existing ICE members) . See the table below for detailed information.

Participant	Annual subscriptions		One-off Application Fees		Year 1 Total Fees	Year 2 Total Fees
	ICE Membership	ECX Emissions Trading Privilege	ICE Membership	ECX Emissions Trading Privilege		
<b>General</b>	\$11,500	€2,500	\$4,500	€2,500	\$16,000 + €5,000	\$11,500 + €2,500
<b>Trade</b>	\$4,500	€2,500	\$4,500	€2,500	\$9,000 + €5,000	\$4,500 + €2,500

Under the ICE Futures Europe membership structure there are two categories of Member for ECX contracts:

- **General Participant.** General Participants may trade on their own account and on behalf of clients. A General Participant who is a member of ICE CLEAR EUROPE (Clearing Members) will be permitted to clear their own business, client business and business for non-Clearing Members. General Participants who are not Clearing Members will need to put in place a Clearing Agreement with a Clearing Member. General Participants who are Clearing Members must have a net worth requirement of £5 million. There is no net worth requirement for non-clearing General Participants.
- **Trade Participant.** Trade Participants are limited to trading on their own account. Trade Participants may be Clearing or non-Clearing Members, although they are restricted to clearing proprietary business only. Trade Participants who are not Clearing Members will need to put in place a Clearing Agreement with a Clearing Member. Trade Participants who are Clearing Members must have a net worth requirement of £5 million. There is no net worth requirement for non-clearing Trade Participants.

#### 4.8.2 Eligibility to trade/ clear ICE ECX CER Futures

Members and their customers who have access to ICE ECX EUA Futures and Options on the ICE Platform by virtue of the Member holding an Emissions Trading Privilege, will be given access to ICE ECX CER Futures.

WebICE users will automatically have the ICE ECX CER Contract added to any portfolios which include the ICE ECX Dec 09 Futures Contract. It should be noted, however, that users will need to liaise with their clearer(s) to ensure they have the necessary clearing accounts and limits.

#### 4.8.3 Eligibility to trade/ clear ICE ECX Options

Members must have an Emissions Trading Privilege in order to trade either or both the ICE ECX Futures and ICE ECX Options. Members and their customers who have access to ICE ECX Futures on the ICE Platform by virtue of the Member holding an Emissions Trading Privilege, will automatically have access to the ICE ECX Options.

### 4.9 Responsible Individual

#### 4.9.1 Responsible Individual Tutorial and Registration

A Member must register at least one Responsible Individual (RI) with the Exchange in order to access the ICE Platform. A General or Trade Participant may register any number of Responsible Individuals for the purpose of trading Exchange Contracts according to the nature and scale of its business. An Individual Participant Member may only register one Responsible Individual.

To become registered with the Exchange as a Responsible Individual and thereby be permitted to trade on the ICE Platform an applicant must:

- a) Be familiar with relevant ICE Futures Europe Regulations
- b) Be aware of the Responsible Individual's obligations
- c) Complete the self-test tutorial on the ICE Futures Europe web-site to the satisfaction of his Member (optional)\*
- d) Complete any training course in the use of the ICE Platform and pass such written or practical examination or assessment as determined by the Exchange from time to time
- e) Complete the Responsible Individual Registration Form in which he confirms that he will comply with the ICE Futures Europe Regulations and will be responsible for all business conducted under any Individual Trading Mnemonic (ITM) assigned to him by ICE Futures Europe. The Form also contains a confirmation by the Member's Compliance Officer or other Senior Management that the applicant has completed the Responsible Individual Tutorial to the Member's satisfaction.

\*The [Responsible Individual Tutorial](#) is an optional self-test tutorial of a number of questions relating to his roles and responsibilities.

The Responsible Individual Registration Form is available on the ICE Futures Europe website [https://www.theice.com/publicdocs/futures/RI\\_Application\\_ICE\\_Futures.pdf](https://www.theice.com/publicdocs/futures/RI_Application_ICE_Futures.pdf) and is forwarded after completion to the ICE Futures Europe Membership Department.

After registration, the Responsible Individual(s) will be issued with a login/ User ID and a password to access the ICE Platform using an ITM assigned by ICE Futures Europe.

A Responsible Individual is responsible for all business conducted under an ITM(s) assigned to him by ICE Futures Europe and must ensure to the best of his ability, that all business submitted through his ITM(s) complies with the ICE Futures Europe Regulations and other appropriate regulatory requirements.

Where a Member has granted a client access to route orders to the ICE Platform under an ITM of one of the Member's Responsible Individuals, it is the responsibility of the Responsible Individual to whom the ITM is assigned to supervise the orders entered by the client.

#### **4.9.2 Training**

Members and order-routers who require training in the use of the ICE Platform (WebICE) should contact the ICE Help Desk (+44 (0) 20 7488 5100), Market Supervision, ([marketsupervision-europe@theice.com](mailto:marketsupervision-europe@theice.com)) or Emissions Markets ([DL-Emissions@theice.com](mailto:DL-Emissions@theice.com)).

#### **4.9.3 Regulatory Issues**

Under the ICE Futures Europe Regulations Members are not required to register Responsible Individuals with the FSA. However, registration with the FSA is dependent on the role of each individual and it is the responsibility of each Member to comply with FSA regulations where applicable and/ or appropriate.

### **4.10 Position Reporting**

#### **4.10.1 ICE ECX Futures Position Reporting**

Members are required to submit a Carbon Emissions Allowances Position Report to the Exchange by 10:30 hours UK local time each day in respect of: each client with an open position for ICE ECX Futures in the nearest month and the next December month; any proprietary business held in the nearest month and the next December month; and any non clearing Member for whom he clears with an open position in the nearest month and next December month. Members are further required to include delivery-related information on this Report during specific periods approaching contract expiry (see Section 5.4 on monitoring).

#### **4.10.2 ICE ECX Options Position Reporting**

There is currently no requirement for Members to submit a report to the Exchange in respect of each client with an open position in a specific month(s) although the Exchange may, at its discretion introduce such reporting at a later date. Details of any such reporting requirement would be advised to the Members when appropriate.

## **5. Trade Registration System (TRS) and Clearing Processing System (CPS)**

### **5.1 General**

All orders entered into the ICE Platform and the resulting executed trades are anonymous. Once executed, trades flow automatically through to TRS for account assignment. Account and user reference details may be entered pre execution on the ICE Platform or post execution on TRS. Allocations and 'give ups' are auctioned in the normal way through TRS.

Members cannot enter ICE ECX Futures or Options executed on the ICE Platform directly to TRS.

All ICE ECX Futures and Options positions are displayed, and position maintenance (settlements and position transfers) performed in CPS in a similar manner as other ICE Futures Europe contracts.

### **Open Interest**

Open interest is calculated at 10:00 hours UK local time each day for the previous business day. It is based on the previous night's positions adjusted for settlements or transfers entered before 10:00 hours UK local time. The open interest figures are published at 11:00 hours UK local time on the ECX website [www.ecx.eu](http://www.ecx.eu).

## **5.2 Codes and Reports**

### **Contract and Trade Type Codes**

The contract codes for the **ICE ECX EUA Futures** are as follows:

- The Physical Contract code is 'C'
- The Logical Commodity code is 'ECF'
- The Generic Contract code is 'F'.

The contract codes for the **ICE ECX CER Futures** are as follows:

- The Physical Contract code is 'CER'
- The Logical Commodity code is 'ECF'
- The Generic Contract code is 'F'

EFP and EFSs for both contracts are identified by trade type 'O', Block Trades by the trade type 'K'.

The contract codes for the **ICE ECX EUA Options** are as follows:

- The Physical Contract code is 'C'
- The Logical Commodity code is 'ECF'
- The Generic Contract code is 'O'

The contract codes for the **ICE ECX CER Options** are as follows:

- The Physical Contract code is 'CER'
- The Logical Commodity code is 'ECF'
- The Generic Contract code is 'O'

EFSs for this contract are identified by trade type 'S', Block Trades by the trade type 'K'.

The contract codes for the **ICE ECX EUA Daily Futures** are as follows:

- The Physical Contract code is 'ECS'
- The Logical Commodity code is 'ECS'
- The Generic Contract code is 'F'.

The contract codes for the **ICE ECX CER Daily Futures** are as follows:

- The Physical Contract code is 'CES'
- The Logical Commodity code is 'CES'
- The Generic Contract code is 'F'.

EFSs for this contract are identified by trade type 'O', Block Trades by the trade type 'K'.

### **Reports**

TRS/ CPS and ICE CLEAR EUROPE banking reports include information in connection with ICE ECX Futures.



## 6. Regulations, Documentation and Website Information

### 6.1 Contract Rules and Trading Procedures

#### 6.1.1 ICE ECX EUA Futures Rules

Sections Y and Z of the Regulations contain the Contract Rules and Administrative Procedures for the ICE ECX EUA Futures. The Trading Procedures are also contained in the Regulations. The Regulations are available on the ICE Futures Europe website.

Amendments to the Regulations consequential to the introduction of the Contract were set out in Circular 05/43 R08 dated 06 April 2005.

#### 6.1.2 ICE ECX EUA Options Rules

Sections EE and FF of the Regulations contain the Contract Rules and Administrative Procedures for the ICE ECX EUA Options. The Trading Procedures are also contained in the Regulations. The Regulations are available on the ICE Futures Europe website.

Amendments to the Regulations consequential to the introduction of the Contract were set out in Circular 06/126 R26 dated 29 September 2005.

#### 6.1.3 ICE ECX CER Futures Rules

Sections JJ and II of the Regulations contain the Contract Rules and Administrative Procedures for the ICE ECX CER Futures. The Trading Procedures are also contained in the Regulations. The Regulations are available on the ICE Futures Europe website.

#### 6.1.4 ICE ECX CER Options Rules

Sections EE and FF of the Regulations contain the Contract Rules and Administrative Procedures for the ICE ECX CER Options. The Trading Procedures are also contained in the Regulations. The Regulations are available on the ICE Futures Europe website.

Amendments to the Regulations consequential to the introduction of the Contract were set out in Circular 06/126 R26 dated 29 September 2005.

#### 6.1.5 ICE ECX EUA Daily Futures Rules

Sections PP and OO of the Regulations contain the Contract Rules and Administrative Procedures for the ICE ECX EUA Daily Futures. The Trading Procedures are also contained in the Regulations. The Regulations are available on the ICE Futures Europe website.

#### 6.1.6 ICE ECX CER Daily Futures Rules

Sections MM and NN of the Regulations contain the Contract Rules and Administrative Procedures for the ICE ECX CER Daily Futures contract. The Trading Procedures are also contained in the Regulations. The Regulations are available on the ICE Futures Europe website.

### 6.2 Documentation and Information Available on the ICE Website

Documentation includes an Electronic User Agreement Document; Responsible Individual Form; an Emissions Trading Privilege Grandfathering Form; a 'Getting Started' Document and the ICE Platform User Guide.

Copies of the Electronic User Agreement and Grandfathering Form are available from Narinder Nijher (Tel:+44 (0)20 7065 7740, Email: [DL-membership@theice.com](mailto:DL-membership@theice.com)) at ICE Futures Europe Membership department. The Responsible Individual Registration Form and Webinars are available on the ICE Futures Europe Website. The ICE ECX Contracts: User Guide is available under Products & Services / Useful Documents on [www.ecx.eu](http://www.ecx.eu)

Information in respect of the following and other Emissions related information is available on the ICE website <http://www.theice.com>:

- Contract Rules and Administrative Procedures
- Electronic Trading
- ICE Futures Europe ECX Futures Contract – Getting Started
- ICE Platform User Guide
- Responsible Individual
- Responsible Individual Tutorial
- Responsible Individual Registration Form
- Relevant Circulars
- Summary of Contract Details

## 7. Delivery

### 7.1 Glossary

In this User Guide the following terms shall bear the meanings set out opposite each:

<i>“Account Holder”</i>	Means a person who has a person holding account in the registries system as referenced in the Registry Regulations.
<i>“Acquiring Registry”</i>	Means, in relation to an ICE Futures Europe ECX Futures Contract, the Registry of the Holding Account of the Buyer specified in the relevant Transfer Request.
<i>“Allowance Type”</i>	Means any type of allowance, determined and notified to Members by the Exchange from time to time. For any Allowance Type, the Exchange may specify such criteria as it deems appropriate, including without limitation the type, nature and source of an allowance, the scheme and/ or mechanism pursuant to which such allowance has been issued and the originating or issuing registry.
<i>“Authorised Representative”</i>	Means a natural person authorised pursuant to Article 23 of the Registry Regulations to represent an Account Holder and submit process requests to a Registry on behalf of such Account Holder.
<i>“Buyer”</i>	Means the purchaser of Emission Allowances under an ICE Futures Europe ECX Futures Contract, and shall include the Clearing House as appropriate.
<i>“Clearing House Directions”</i>	Means any instructions or requests that the Clearing House may issue to the Buyer or Seller from time to time in respect of the delivery of Emission Allowances under an ICE Futures Europe ECX Futures Contract.
<i>“Community Independent Transaction Log” “CITL”</i>	Means the independent transaction log established, operated and maintained pursuant to Article 5 of the Registry Regulations and Article 20 of Directive 2003/87/EC, for the purpose of recording the issue, transfer and cancellation of allowances under the Scheme.
<i>“Communication Link”</i>	Means the electronic exchange of messages/ notifications (1) by which a Buyer and Seller communicate with a Registry, and/ or (2) by which a Registry communicates with CITL, and/ or (3) by which CITL communicates with the UNFCCC Independent Transaction Log (where applicable), which in any case is necessary to facilitate a Transfer.
<i>“Delivery Costs”</i>	Means an amount payable by a Buyer or Seller which is attributable to a Transfer Request Failure referred to the Exchange in accordance with Rule.Y.12 or Transfer Request Delay. For Transfer Request Failures

such reasonable costs may include, but will not be limited to, any losses, costs, damages and expenses suffered or incurred by the Buyer or Seller as a result of it taking steps to acquire or dispose of Carbon Emission Allowances in the event of a Transfer Request Failure. Delivery Costs resulting from Transfer Request Failures and Transfer Request Delays shall not under any circumstances include any Excess Emissions Penalties which a Buyer or Seller may incur under the Scheme.

<i>"Delivery Period"</i>	Means the period beginning at 19:00 hours on the business day following the last trading day and ending at 19:30 hours UK local time on the third business day following that last trading day. Where a Transfer Request Delay occurs, the period shall end at such later time as the Clearing House may direct, which in any event shall not be a time beyond 19.30 UK local time on the fourth business day after the last trading day.
<i>"Directive"</i>	means Directive 2003/87/EC of the European Parliament and the Council of 13 October 2003 establishing a scheme for greenhouse gas emissions allowance trading and amending Council Directive 96/61/EC, as amended from time to time.
<i>"emissions allowance"</i>	Means an allowance to permit the emission of one tonne of carbon dioxide equivalent during the relevant period, which falls within an Allowance Type.
<i>"Excess Emissions Penalties"</i>	Means any excess emissions penalties for which a person may be liable for failure to surrender sufficient allowances to cover its emissions during any period pursuant to Article 16 of the Directive, as implemented by relevant national law.
<i>"Exchange Delivery Settlement Price" (EDSP)</i>	Means, in respect of a Carbon Emissions Allowance Contract, the settlement price determined by the Exchange in accordance with the Administrative Procedures.
<i>"Holding Account"</i>	Means a person holding account maintained by a Registry pursuant to the Registry Regulations in order to record the holding and transfer of Emission Allowances.
<i>"Initiating Registry"</i>	Means, in relation to an ICE Futures Europe ECX Futures Contract, the Registry of the Holding Account of the Seller from which the Transfer is being made, as specified in the relevant Transfer Request.
<i>"Margin Account"</i>	Means, in relation to a Clearing Member, either its House or Client margin account, in which the positions in its Position-Keeping Accounts are notionally recorded by the Clearing House for the purpose of calling margin on that Clearing Member's positions in accordance with the Clearing House procedures.
<i>"Originating Registry"</i>	Means, in relation to any Emissions Allowance, the Registry through which such Emissions Allowance was originally issued pursuant to the Scheme. The Exchange shall from time to time determine certain Emission Allowances issued by Originating Registries may not be transferred under an ICE Futures Europe ECX futures Contract. The Exchange shall from time to time issue a list of such Originating Registries and may, at any time, upon such notice as considered appropriate by the Exchange and notified to Members, add or withdraw an Originating Registry from such list.
<i>"Position-Keeping Account"</i>	Means any account within the Clearing House's clearing system (commonly known as CPS) in which an Exchange Member's positions with the Clearing House are recorded, being either (1) any of the following commonly designated Position-Keeping Accounts: H, N, S, L, or G (and, in the case of a non-clearing Member, including an identifying three letter Member mnemonic); or, (2) any other account that the

	Clearing House makes available within its clearing system from time to time.
<i>“Registry”</i>	Means any registry established in order to ensure the accurate accounting of the issue of holding, transfer, acquisition, surrender, cancellation, and replacement of Allowances under the Scheme, which has been identified as a Registry by the Exchange from time to time for the purposes of the Regulations.
<i>“Registry Regulations”</i>	Means the EU Commission Regulation (EC) No 2216/2004 for a standardised and secured system of registries pursuant to Directive 2003/87/EC of the European Parliament and of the Council and Decision 280/2004/EC of the European Parliament and of the Council, as amended from time to time.
<i>“Scheme”</i>	Means the scheme for transferring allowances established pursuant to the Directive, as implemented by relevant national law.
<i>“Seller”</i>	Means the seller of Emissions Allowances under an ICE Futures Europe ECX Futures Contract, and shall include the Clearing House as appropriate.
<i>“Transfer”</i>	Means the transfer of Emission Allowances from one Holding Account to another under and in accordance with the Scheme.
<i>“Transfer Request”</i>	Means a request to effect a Transfer submitted by the Seller to the Initiating Registry in respect of a Delivery Period in the manner required by the Registry Regulations and otherwise in accordance with the Regulations and the Clearing House procedures.
<i>“Transfer Request Delay”</i>	<p>Transfer Request Delay is deemed to have taken place where:</p> <p>a) In the case of a Seller other than the Clearing House, the Seller makes a Transfer Request for a Delivery Period after 19.00 hours UK local time on the first business day after the last trading day or such later time as the Clearing House may provide pursuant to the Rules, but before 19.00 hours on the second business day after the last trading day, in compliance with a Clearing House Direction or otherwise</p> <p>b) In the case of a Buyer other than the Clearing House, the Buyer’s Holding Account is credited after 19.30 hours on the third business day after the last trading day and on or before 19.30 hours UK local time on the fourth business day after the last trading day in compliance with a Clearing House Direction or otherwise</p> <p>c) The Clearing House has declared that there is a Transfer Request Delay in accordance with the Rules.</p> <p>Provided in each case, that a Transfer Request Delay will cease to exist where a Transfer Request Failure takes place.</p>

*“Transfer Request Failure”*

Transfer Request Failure is deemed to have taken place where:

- a) In the case of a Seller other than the Clearing House, the Seller has failed to make a valid Transfer Request for a Delivery Period by 19.00 hours UK local time on the second business day after the last trading day or such later time as the Clearing House may provide pursuant to the Rule Z.6.
- b) In the case of a Buyer being the Clearing House, the Buyer’s Holding Account has not been credited by 19.00 hours on the third business day after the last trading day or such later time as the Clearing House may provide pursuant to the Rule Z.6
- c) In the case of a Buyer other than the Clearing House, the Buyer’s Holding Account has not been credited by 19.30 hours UK local time on the fourth business day after the last trading day
- d) The Clearing House has declared that there is a Transfer Request Failure in accordance with Rule Z.6(d) or Z.7(c)

*“UNFCCC Independent Transaction Log”*

Means the independent transaction log (ITL) established, operated and maintained by the Secretariat of the United Nations Framework Convention on Climate Change.

## 7.2 Delivery

### 7.2.1 Summary of Delivery (EUAs & CERs)

The Contracts are physically settled and deliverable by the transfer of emission allowances (EUAs & CERs) from the Person Holding Account of the Selling Clearing Member at a Registry to the Person Holding Account of ICE CLEAR EUROPE at a Registry and from the Person Holding Account of ICE CLEAR EUROPE at that Registry to the Person Holding Account of the Buying Clearing Member at a Registry (see below for details). The Exchange will publish a list of the type of allowance which may be delivered under the Contract and which meet specific criteria determined by the Exchange from time to time (see 5.1 above). Please see this link at the ECX website which contains a daily updated list of eligible and ineligible CERs for delivery of ECX Contracts on ICE Futures: [www.ecx.eu/CERs-Eligible-for-Delivery-on-ECX](http://www.ecx.eu/CERs-Eligible-for-Delivery-on-ECX).

There is **no** Transferor and Transferee facility where the client delivers on behalf of the clearing Member as for other ICE Futures Europe deliverable contracts. Those clearing Members who have positions (own, client or non-clearing Members on whose behalf they clear) at the cessation of trading of the contract must physically make or take delivery of emission allowances themselves. As a result Members who make or take delivery must have a Person Holding Account open at one of the Registries listed by the ICE Futures Europe as a Registry to or from which delivery may be made (see 7.2.2 below).

The Delivery Period is the period beginning at 19:00 hours UK local time on the business day following the last trading day and ending at 19:30 hours UK local time on the third business day following that last trading day. There are provisions in the Contract Rules for delayed and failed delivery. In the event of a delayed delivery the Delivery Period is extended accordingly.

### 7.2.2 National Registries

Emission allowances are held in dematerialised form in a series of National Registries, one in each EU Member state.

Installations who have applied for a permit to emit carbon dioxide (or equivalent gases) have Operator Holding Accounts at a Registry to hold their allotted emission allowances. Other parties may open any number of Person Holding Accounts (maximum 99 accounts). Clearing

Members making or taking delivery must each open a Person Holding Account. The Exchange has been advised that opening of the Account takes about 10 days. There is a charge for opening and maintaining an account, but none for Transfer Requests. Clearing Members may, for the purposes of delivery of the ICE Futures Europe Contract, only open Person Holding Accounts. Once the account is opened it must be used at least once a year or the Account is closed after notice of closure is given by the Registry.

The Registries operate on a 24 hours, 7 days a week basis. Transfer Requests are entered via an internet link to the Registry by the Authorised Representative of the Account holder wishing to transfer the emission allowances from that Holding Account to the Holding Account of another party in either the same or any other Registry. It is not possible to transfer a number of emission allowances in excess of the allowances held, any such Transfer Request will result in the receipt of a Transfer Request rejection message.

The Transfer Request is submitted to the Registry Administrator who initiates the transfer process by sending the request to the Community Independent Transaction Log (CITL) where checks on the Transfer Request are processed (e.g. whether there are sufficient allowances in the initiating Holding Account). The CITL acknowledges receipt of the Transfer Request to the Registry within 1 minute but may take up to 24 hours to perform primary and secondary checks and inform both the initiating and acquiring registries of the outcome. Upon receipt the initiating Registry reduces the number of allowances in the Holding Account and the Acquiring Registry adds the allowances to the appropriate Holding Account. Although this process is electronic and therefore expected to take only a very short period of time, the Registry Regulations state that the process may take 24 hours and the ICE Futures Europe delivery process has therefore been based on the maximum time that a Transfer Request may take. If the Transfer Request is not auctioned within 24 hours it drops off the Registry system.

### **7.3 Delivery Mechanism**

In respect of a Contract to which the ICE CLEAR EUROPE is the buyer, delivery shall be effected upon the completion of the Transfer and credit to the ICE CLEAR EUROPE nominated Person Holding Account of emission allowances. The Seller shall effect the Transfer by submitting a Transfer Request to its Registry stipulating the receiving Holding Account as ICE CLEAR EUROPE's Person Holding Account in the Registry nominated by ICE CLEAR EUROPE as the Acquiring Registry for that Transfer, provided that the Transfer Request is not subsequently rejected by the relevant Registry or by the Community Independent Transaction Log (CITL).

In respect of a Contract to which the ICE CLEAR EUROPE is the seller, delivery shall be effected upon the completion of the Transfer and credit to the Buyer's nominated Person Holding Account of emission allowances. ICE CLEAR EUROPE shall effect the Transfer by submitting a Transfer Request stipulating the receiving account as the Buyer's Person Holding Account in the Registry nominated by the Buyer as the Acquiring Registry for that Transfer, provided that the Transfer Request is not subsequently rejected by a Registry or by CITL.

### **7.4 Monitoring and Position Reporting**

To enable a Transfer Request to be made, or emissions allowances to be received, the Clearing Member must have previously opened a Person Holding Account at a Registry which appears on the ICE Futures Europe list of Registries to and from which delivery may be made during the delivery process.

If it were discovered at the time of expiry that a Clearing Member did not have a Person Holding Account there would be insufficient time to open a Person Holding Account and delivery failure would then result. The Registry Regulations indicate that an account may be set up in 10 days from the point of request receipt provided the appropriate criteria/documentation are met/ provided.

Members are therefore required to report to the Exchange each day, any client and proprietary open position in the nearest contract month (and where the Member is a Clearing Member, the Member must also report any open position of any non-clearing Member on whose behalf the Member clears, held in the nearest contract month) and, from 15 days prior to expiry, whether the Member has a Person Holding Account at one of the ICE Futures Europe Registries. On these 15 days the Members must also send these details to the Clearing House. The Exchange may contact any Member with a position who has also indicated that he does not have a Person Holding Account. It will remain the Member's responsibility to ensure that he is capable of effecting/ accepting delivery should the occasion arise.

## 7.5 Sequence of Events

### 7.5.1 Last Trading Day

Trading ceases at 17.00 hours UK local time on the last Monday in the delivery month. If the last Monday in the contract month falls on a Non-Business day for the contract, or if there is a Non-Business day for the contract in the week following the last Monday of the month (e.g. if the Monday is a Business day, but a Non-Business day(s) such as Christmas falls on the Wednesday/ Thursday of that week), then the last day of trading for the contract will be the penultimate Monday of the month. If the penultimate Monday is a Non-Business day or there is a Non-Business day in the week following the penultimate Monday, the last day of trading will be the antepenultimate Monday of the contract month.

Members may register EFPs and/ or EFSs up to 17.30 hours UK local time.

Members must complete position maintenance (i.e. close outs and internal position transfers) by 18.00 UK local time.

It is recommended that the Member ensures that its clients have input Transfer Requests to transfer emissions allowances to the Person Holding Account of the Member by 18.30 hours UK local time on the Last Trading Day (LTD) to ensure that the Member, as the Seller, may meet his own Transfer Request input deadline on LTD + 1.

### 7.5.2 Last Trading Day + 1

By 09:00 UK local time both Buyer and Seller return the Carbon Emission Allowance Delivery Confirmation Form to ICE CLEAR EUROPE which includes Person Holding Account details, confirmation of lots/ number of emission allowances and contact details of the Authorised Representative.

By 09:00 hours UK local time the Buyer pays full contract value to ICE CLEAR EUROPE. (There is no payment of Buyer's Security for this Contract).

By 18.30 hours UK local time the Seller will have received the emissions allowances from its clients in its Holding Account notified to ICE CLEAR EUROPE as the Holding Account from where the Seller will make delivery.

No later than 19.00 hours UK local time the Seller must have input the Transfer Request to transfer emission allowances to the ICE CLEAR EUROPE Person Holding Account at the ICE CLEAR EUROPE nominated Registry.

There must be only one Transfer Request per Margin Account made by a Member, one for the positions in his House Margin Account and one for the positions in its Client Margin Account (if applicable). This means that: if a Seller has a position of 500 lots in his 'N' TRS account which is made up of 5 individual clients positions of 100 lots each, and 200 lots in his 'H' TRS account, then the Transfer Request in respect of the House Margin Account must be for 700 lots. A Seller must wait until it has all the emission allowances in its Holding Account before it enters a Transfer Request. A Seller may not (unless instructed to do so by ICE CLEAR EUROPE under the Clearing House Directions) send a number of Transfer Requests which, in total, equal the Seller's delivery obligation.

As the Transfer Request may not take the full 24 hours as stated in the Registry Regulations to reach the ICE CLEAR EUROPE Person Holding Account, ICE CLEAR EUROPE monitors receipt of emissions allowances from the Sellers and, upon receipt, submits Transfer Requests to transfer the emissions allowances to the Holding Accounts of the Buyers using a list of Buyers whose order has been randomly generated by a system. This means that a Buyer who has a delivery obligation to take delivery of 300 lots may receive the 300 lots in separate batches and at different times which in total will equal 300 lots.

### **7.5.3 Last Trading Day + 2**

By 09:00 hours UK local time ICE CLEAR EUROPE pays the Sellers for the emission allowances received from the Sellers the previous day.

ICE CLEAR EUROPE monitors receipt of emissions allowances from the Sellers not received the previous day and, upon receipt, submits Transfer Requests to transfer the emissions allowances to the Holding Accounts of the Buyers using the list of Buyers whose order has been randomly generated by a system referred to in 5.5.2 above. This means that a Buyer who has a delivery obligation to take delivery of 300 lots may receive the 300 lots in separate batches and at different times which in total will equal 300 lots.

By 19.30 hours UK local time ICE CLEAR EUROPE will have received all the emissions allowances and submitted Transfer Requests to transfer all the emissions allowances to the Buyers.

### **7.5.4 Last Trading Day + 3**

By 09:00 hours UK local time ICE CLEAR EUROPE pays the Sellers for the emission allowances received from the Sellers the previous day.

By 19.30 hours UK local time the Buyers will have received the emission allowances in their nominated Person Holding Account(s) and may submit Transfer Requests to transfer the emission allowances to their clients as they please.

## **7.6 Late Deliveries (Transfer Request Delay)**

The deadline for the submission of Transfer Requests by the Seller is 19.00 hours UK local time on the LTD + 1. A late delivery (Transfer Request Delay) may occur if ICE CLEAR EUROPE permits, in accordance with the Clearing House Directions provision within the Rules, the deadline for input of the Transfer Request to be extended to 19.00 UK local time on LTD + 2. This enables emission allowances to arrive by 19.00 on LTD + 3. If the emission allowances arrive by this time, ICE CLEAR EUROPE submits a Transfer Request to transfer the emission allowances to the Buyer and advises the Buyer that there may be a delay (maximum delay time for receipt by the Buyer will be 24 hours after the submission by ICE CLEAR EUROPE). The Seller will incur a fine from ICE Futures Europe.

A late delivery (Transfer Request Delay) may also occur if the Buyer is unable to accept the emission allowances in its Person Holding Account. In this event the Buyer will have an additional 24 hours to facilitate acceptance. The Buyer will incur a fine from ICE Futures Europe.

Under the Contract Rules the party causing the Transfer Request Delay indemnifies the other party in respect of any Delivery Costs (see point 5.7.3 below for further details.) Delivery Costs shall not under any circumstances include any Excess Emissions Penalties which may be incurred under the Scheme.



## **7.7 Delivery Failure (Transfer Request Failure)**

### **7.7.1 Delivery Failure by the Seller**

A delivery failure (Transfer Request Failure) may occur if the Seller does not deliver the emission allowances within the deadlines or under the late delivery provisions (see point 5.6 above). At the point of Transfer Request Failure, a Seller may agree with the ICE CLEAR EUROPE to make delivery of emission allowances in a manner, or on terms, other than those specified in the Contract Rules and Administrative Procedures. ICE CLEAR EUROPE will settle the contract at the Exchange Delivery Settlement Price and cease to have any obligation towards the Seller under the contract. Written notice of the fact of the occurrence of the agreement (but not of any commercial or other detail) of such an agreement must be made to the Exchange.

Where such an agreement is not reached between ICE CLEAR EUROPE and the Seller, ICE CLEAR EUROPE shall refer the Transfer Request Failure to the Exchange. The Exchange, or a body appointed by the Exchange, shall determine an invoicing back price taking into account any information it considers to be relevant. ICE CLEAR EUROPE will settle the contract at such invoicing back price.

Additionally the Seller will incur a fine from ICE Futures Europe.

### **7.7.2 Delivery Failure by the Buyer**

A delivery failure may occur if the Buyer does not accept emission allowances within the deadlines or under the late delivery provisions. At the point of Transfer Request Failure, a Buyer may agree with ICE CLEAR EUROPE to take delivery of emission allowances in a manner, or on terms, other than those specified in the Contract Rules and Administrative Procedures. ICE CLEAR EUROPE will settle the contract at the Exchange Delivery Settlement Price and cease to have any obligation towards the Buyer under the contract. Written notice of the fact of the occurrence of the agreement (but not of any commercial or other detail) of such an agreement must be made to the Exchange.

Where such an agreement is not reached between ICE CLEAR EUROPE and the Buyer, ICE CLEAR EUROPE shall refer the Transfer Request Failure to the Exchange. The Exchange, or a body appointed by the Exchange, shall determine an invoicing back price taking into account any information it considers to be relevant. ICE CLEAR EUROPE will settle the contract at such invoicing back price.

Additionally the Buyer will incur a fine from ICE Futures Europe. A failure by the Buyer does not affect the Seller.

### **7.7.3 Delivery Costs**

Delivery Costs are an amount payable by the Seller or Buyer (which might include ICE CLEAR EUROPE House as the case may be) resulting from: a Transfer Request Failure which has been referred to the Exchange for determination of an invoicing back price; or, a Transfer Request Delay. Under the Contract Rules the party causing the Transfer Request Failure/Delay indemnifies the non-failing party in respect of any such Delivery Costs. Where these costs can not be agreed within seven Business Days of the last day of trading, the matter is referred to the Exchange. The Exchange, or a body appointed by the Exchange, shall determine the Delivery Costs and notify the relevant parties. Either party may within three Business Days of receipt of details of the determination of the Delivery Costs request in writing a review of such Delivery Costs. In this event the Delivery Costs will be reviewed by the Authorisation, Rules and Conduct Committee (ARC). The decision of ARC in relation to the Delivery Costs shall be final and binding.

For the avoidance of doubt, Delivery Costs shall not be determined by the Exchange, or a body appointed by the Exchange, where a Seller or a Buyer (as the case may be) has agreed with ICE CLEAR EUROPE to take or make delivery of emission allowances in a manner, or on terms, other than those specified in the Contract Rules and Administrative Procedures as

described in points 5.7.1.or 5.7.2. Delivery Costs shall not under any circumstances include any Excess Emissions Penalties which may be incurred under the Scheme.

## 7.8 Delivery Margin

ICE Clear Europe will not call Buyers' Security but full contract value will be payable by the Buyer on LTD + 1.

## 7.9 Exchange Delivery Settlement Price

The Buyer pays the Exchange Delivery Settlement Price (EDSP) for each delivery. The EDSP is the settlement price of the contract month at expiry and, subject to confirmation, is **exclusive** of:

- a) [VAT](#)
- b) Any relevant taxes levied
- c) Exchange fees
- d) Clearing fees
- e) Any additional charges levied by the National Registry for the transfer of emission allowances

## 7.10 Delivery Training

Additional delivery training is available. For more information please contact Scott Smith or François Lepart at ICE CLEAR EUROPE on telephone +44 (0) 20 7065 7607, or e-mail [iceclear europe@theice.com](mailto:iceclear europe@theice.com)

## 7.11 Delivery fees

None.

# 8. Force Majeure

## 8.1 An event of Force Majeure shall, subject to confirmation, include:

- a) The provisions of the Scheme being suspended;
- b) A declaration of Force Majeure by the Registry, (being the occurrence of an event outside the reasonable control of a Registry) nominated by the Clearing House as its Initiating and Acquiring Registry for a Delivery Period, so as to prevent a Transfer taking place during that Delivery Period;
- c) Subject to point 6.2.(d) below, an Initiating and Acquiring Registry nominated for a Delivery Period by the Clearing House as its Initiating and Acquiring Registry suspending the submission of Transfer Requests or the effecting of Transfers under the Registry Regulations or otherwise;
- d) For the relevant Delivery Period, the inability to make or accept a Transfer due to an interruption in, or delay to or permanent halting of a Transfer resulting from the intervention of the CITL or UNFCCC Independent Transaction Log in relation to a Registry nominated by the Clearing House as its Initiating and Acquiring Registry.

## 8.2 An event of Force Majeure shall not, subject to confirmation, include:

- a) The refusal or rejection by a Registry or the CITL, for whatever reason, of a Transfer Request submitted by the Seller;

- b) A declaration by one of the Initiating or Acquiring Registries nominated by the Seller or the Buyer as the case may be, as its Initiating or Acquiring Registry for a Delivery Period confirming that a Transfer is prevented from taking place during the Delivery Period, if such Registry is not the Registry nominated by the Clearing House as its Initiating and Acquiring Registry for that Delivery Period;
- c) The failure of a Communication Link;
- d) The inability to make a Transfer owing to a problem within the central systems or processes established under the Scheme for the receipt and acceptance of Transfer Requests, but only to the extent that contingency arrangements exist under the Scheme by which the Seller or the Buyer can reasonably be expected to make or accept the Transfer (as the case may be) in accordance with any Clearing House Direction;
- (e) An insufficient amount of (or in the event that there are no) Carbon Emission Allowances in the Seller's Holding Account to enable the Seller to effect the Transfer, whether caused by a non-allocation or low allocation of Carbon Emissions Allowances or any other reason;
- (f) The inability to make or accept a Transfer in relation to a Registry nominated by the Seller and/ or Buyer where such Registry is not the Registry nominated by the Clearing House for the Delivery Period, due to an interruption in, or delay to or permanent halting of a Transfer resulting from the intervention of the CITL or the UNFCCC Independent Transaction Log.

## APPENDIX

### APPENDIX A – DELIVERY TIMETABLE: ECX EUA and CER Futures

DAY	UK LOCAL TIME	ACTION		
		SELLER**	ICE CLEAR EUROPE	BUYER**
Last Trading Day	At 17:00	ICE Futures Europe ECX Contract ceases trading		ICE Futures Europe ECX Contract ceases trading
	By 17.30	Seller confirms EFP/ EFS		Buyer submits EFP/ EFS and alleges Seller
	After 18:00	*HIT report available on CPS.		*HIT report available on CPS.
Last Trading Day +1	By 09:00			Buyer pays full contract value to ICE CLEAR EUROPE
	By 10:00	Seller submits Carbon Emission Allowance Delivery Confirmation Form to ICE CLEAR EUROPE		Buyer submits Carbon Emission Allowance Delivery Confirmation Form to ICE CLEAR EUROPE
	By 19:00	Seller submits Transfer Requests to initiating Registry		
Last Trading Day + 2	By 09:00		ICE CLEAR EUROPE pays Seller full contract value	
	By 19.00		ICE CLEAR EUROPE receives all emission allowances from Seller	
	By 19.30		ICE CLEAR EUROPE will have submitted all Transfer Requests	
Last Trading Day + 3	By 09:00	Seller receives full contract value from ICE CLEAR EUROPE		
	By 19.30			Buyer will have received emission allowances from ICE CLEAR EUROPE

\*HIT the CPS Delivery/ Exercise report \$HIT, Option 3 of TRS  
 \*\* Seller the selling Clearing Member  
 \*\* Buyer the buying Clearing Member

## APPENDIX B – CONTRACT EXPIRY DATES

The ICE ECX EUA and CER Futures Contracts expires at 17:00 hours on the last Monday of the contract month. The ICE ECX EUA and CER Options Contracts will expiry three business days before the expiry of the underlying Futures contracts; i.e. with the Futures expiring on the Monday, the Options will expiry on the Wednesday before that.

However, where the last Monday of the months falls on a Non-Business day for the contract, or there is a Non-Business day for the contract in the 4 days immediately following the last Monday, (e.g. if the Monday is a Business day, but a Non-Business day(s) such as Christmas Day and/ or Boxing Day falls on the Wednesday/ Thursday of that week), the last trading day shall be the penultimate Monday of the delivery month. Where the penultimate Monday of the delivery month falls on a Non-Business day for the contract, or there is a Non-Business day for the contract in the 4 days immediately following the penultimate Monday, the last trading day shall be the antepenultimate Monday of the delivery month. The Exchange shall from time to time confirm, in respect of each delivery month, the date upon which trading is expected to cease.

Contract month	EUA and CER Futures expiry dates	EUA and CER Options expiry dates
March 2010	22 <sup>nd</sup>	17 <sup>th</sup>
June 2010	28 <sup>th</sup>	23 <sup>rd</sup>
September 2010	27 <sup>th</sup>	22 <sup>nd</sup>
<b>December 2010</b>	<b>20<sup>th</sup></b>	<b>15<sup>th</sup></b>
March 2011	28 <sup>th</sup>	23 <sup>rd</sup>
June 2011	27 <sup>th</sup>	22 <sup>nd</sup>
September 2011	26 <sup>th</sup>	21 <sup>st</sup>
<b>December 2011</b>	<b>19<sup>th</sup></b>	<b>14<sup>th</sup></b>
March 2012	26 <sup>th</sup>	21 <sup>st</sup>
June 2012	25 <sup>th</sup>	20 <sup>th</sup>
September 2012	24 <sup>th</sup>	19 <sup>th</sup>
<b>December 2012</b>	<b>17<sup>th</sup></b>	<b>12<sup>th</sup></b>
<b>December 2013 (only EUA)</b>	<b>16<sup>th</sup></b>	<b>n/a</b>
<b>December 2014 (only EUA)</b>	<b>15<sup>th</sup></b>	<b>n/a</b>

## APPENDIX C – ICE ECX EUA FUTURES: CONTRACT SPECIFICATIONS

Unit of Trading	One lot of 1,000 Emissions Allowances. Each emissions allowance being an entitlement to emit one tonne of carbon dioxide equivalent gas.
Minimum trading size	1 lot
Quotation	Euro (€) and Euro cent (c) per metric tonne
Tick size	€0.01 per tonne (i.e. €10 per lot)
Minimum/maximum price fluctuation	€0.01/ no limit
Contract months	Contracts are listed on an quarterly expiry cycle such that 16 contract months are listed from March 2009 to March 2013 on a March, June, September and December cycle and annual contracts with December expiries for 2013 and 2014.
Expiry day	Last Monday of the Contract month. However, if the last Monday is a Non-Business Day or there is a Non-Business Day in the 4 days following the last Monday, the last day of trading will be the penultimate Monday of the delivery month. Where the penultimate Monday of the delivery month falls on a No-Business Day, or there is a Non-Business Day in the 4 days immediately following the penultimate Monday, the last day of trading shall be the antepenultimate Monday of the delivery month. The Exchange shall from time to time confirm, in respect of each contract month, the date upon which trading is expected to cease.
Trading system	Trading will occur on the ICE Futures Europe electronic trading platform known as the ICE Platform accessible via Web ICE or through a conformed Independent Software Vendor.
Trading hours	07:00 hours to 17:00 hours UK local time
Settlement prices	Trade weighted average during the daily closing period (16:50:00 – 16:59:59 hours UK Local Time) with Quoted Settlement Prices if low liquidity.
VAT and taxes	The UK's HM Revenue and Customs have confirmed that the trading of the ICE ECX Futures on the Exchange between the Member and ICE Clear Europe Ltd. (ICE CLEAR EUROPE) has been granted interim approval to be zero-rated for VAT purposes under the terms of the Terminal Markets Order.
Delivery	<p>The contracts are physically deliverable by the transfer of emissions allowances from the Holding Account of the Selling Clearing Member at a Registry to the Holding Account of ICE CLEAR EUROPE at a Registry and from the Holding Account of ICE CLEAR EUROPE at that Registry to the Holding Account of the Buying Clearing Member at a Registry.</p> <p>Delivery is between Clearing Members and ICE CLEAR EUROPE during a Delivery Period. The Delivery Period is the period beginning at 19:00 hours on the business day following the last trading day and ending at 19:30 hours on the third business day following that last trading day. There is provision for 'Late' and 'Failed' delivery within the contract Rules.</p>
Clearing and contract security	ICE CLEAR EUROPE acts as central counterparty to all trades and guarantees the financial performance of the ICE Futures Europe contracts registered in the name of its Members.
Margin	Variation and initial margin are charged in the usual manner by ICE CLEAR EUROPE.

## APPENDIX D – ICE ECX CER FUTURES: CONTRACT SPECIFICATIONS

Unit of Trading	One lot of 1,000 Certified Emission Reduction units (CER) (i.e. units issued pursuant to Article 12 of the Kyoto Protocol and the decisions adopted pursuant to the UNFCCC to the Kyoto Protocol with the exception of allowances generated by hydroelectric projects with a generating capacity exceeding 20MW, LULUCF activities and nuclear facilities). Each CER being an entitlement to emit one tonne of carbon dioxide equivalent gas.
Minimum trading size	1 lot
Quotation	Euro (€) and Euro cent (c) per metric tonne
Tick size	€0.01 per tonne (i.e. €10.00 per lot)
Minimum/ maximum price fluctuation	€0.01/ no limit
Contract months	Contracts are listed on a quarterly expiry cycle such that 16 contract months are listed from March 2009 to March 2013 on a March, June, September and December cycle.
Expiry day & Delivery	<p>Last Monday of the Contract month. However, if the last Monday is a Non-Business Day or there is a Non-Business Day in the 4 days following the last Monday, the last day of trading will be the penultimate Monday of the delivery month. Where the penultimate Monday of the delivery month falls on a Non-Business Day, or there is a Non-Business Day in the 4 days immediately following the penultimate Monday, the last day of trading shall be the antepenultimate Monday of the delivery month. The Exchange shall from time to time confirm, in respect of each contract month, the date upon which trading is expected to cease.</p> <p>The Exchange will, from time to time, issue a list of Registries from which ICE CLEAR EUROPE will accept and will deliver CERs. Initially, this will be restricted to the UK Registry.</p>
Trading system	Trading will occur on the ICE Futures electronic trading platform known as the ICE Platform accessible via Web ICE or through a conformed Independent Software Vendor.
Trading hours	07:00–17:00 hours UK Local Time
Settlement prices	Trade weighted average during the daily closing period (16:50:00 – 16:59:59 hours UK Local Time) with Quoted Settlement Prices if low liquidity.
VAT and taxes	UK's HM Revenue and Customs has confirmed that the trading of the ICE ECX CER Futures Contract on the Exchange between the Member and ICE CLEAR EUROPE has been granted interim approval to be zero-rated for VAT purposes under the terms of the Terminal Markets Order.
Delivery	<p>The contracts are physically deliverable by the transfer of CERs from the Person Holding Account of the Selling Clearing Member at a Registry to the Person Holding Account of ICE CLEAR EUROPE at a Registry and from the Person Holding Account of ICE CLEAR EUROPE at that Registry to the Person Holding Account of the Buying Clearing Member at a Registry. Initially this will be restricted to the UK Registry.</p> <p>Delivery is between Clearing Members and ICE CLEAR EUROPE during a Delivery Period. The Delivery Period is the period beginning at 19:00 hours on the Business Day following the last trading day and ending at 19:30 hours on the third Business Day following that last trading day. There is provision for 'Late' and 'Failed' delivery within the contract Rules.</p>
Clearing and contract security	ICE CLEAR EUROPE will act as central counterparty to all trades and guarantees the financial performance of the ICE Futures Europe contracts registered in the name of its Members.
Margin	Variation and initial margin will be charged in the usual manner by ICE CLEAR EUROPE.

## APPENDIX E – ICE ECX EUA & CER Daily FUTURES: CONTRACT SPECIFICATIONS

<b>Unit of Trading</b>	One lot of 1,000 <b>certified emission reduction units (CER)</b> (i.e. units issued pursuant to Article 12 of the Kyoto Protocol and the decisions adopted pursuant to the UNFCCC to the Kyoto Protocol with the exception of allowances notified from time to time by the Exchange (“ineligible allowances”). At launch, ineligible allowances include those generated by hydroelectric projects with a generating capacity exceeding 20MW, LULUCF activities and nuclear facilities). Each CER being an entitlement to emit one tonne of carbon dioxide equivalent gas.
<b>Minimum trading size</b>	1 lot.
<b>Quotation</b>	Euro (€) and Euro cent (c) per metric tonne.
<b>Tick size</b>	€0.01 per tonne (i.e. €10 per lot).
<b>Min. / Max. price fluctuation</b>	€0.01 / No limit
<b>Contract dates</b>	The contract is a daily contract. Only one Daily Contract is listed at any one time
<b>Delivery obligations</b>	The Exchange will, from time to time, issue a list of Registries from which the Clearing House will accept and will deliver European Allowances and Certified Emission Reductions.
<b>Trading system</b>	Trading will occur either on the ICE Futures electronic platform WebICE or through a conformed Independent Software Vendor.
<b>Block trades, EFPs and EFSS</b>	Block Trades are available for this contract, with a minimum size of 50 lots. EFPs/EFSS will also be available.
<b>Trading hours</b>	07.00 to 17.00 hours UK local time.
<b>Settlement prices</b>	Trade weighted average during the daily closing period ( <b>16:50:00 – 16:59:59</b> hours UK local time) with Quoted Settlement Prices if low liquidity. The settlement price will become the Exchange Delivery Settlement Price (EDSP).
<b>Delivery</b>	<p>The contracts are physically deliverable by the transfer of Emission Allowances from the Person Holding Account of the Selling Clearing Member at a Registry to the Person Holding Account of ICE Clear Europe at a Registry and from the Person Holding Account of ICE Clear Europe at that Registry to the Person Holding Account of the Buying Clearing Member at a Registry. ICE Clear Europe will use a Person Holding Account at the UK Registry.</p> <p>Delivery is between Clearing Members and ICE Clear Europe during a Delivery Period. The Delivery Period is the period beginning at 18:30 hours on the Contract Date and ending at 19:00 hours on the second Business Day following the relevant Contract Date. There is provision for ‘Late’ and ‘Failed’ delivery within the Contract Rules.</p>
<b>Clearing and contract security</b>	ICE Clear Europe acts as central counterparty to all trades and guarantees the financial performance of the ICE Futures contracts registered in the name of its Members.
<b>VAT and taxes</b>	To be confirmed.
<b>Margin</b>	<p>ICE Clear Europe will charge Buyer/Seller Security in the following manner:</p> <p>The Buyer will pay full contract value by 09:00 on the first Business Day following the relevant trade date. Full contract value will represent the EDSP multiplied by the number of lots held. A separate Variation Margin payment/call will be made by 09:00 on the first Business Day following the relevant trade date in order to reflect the profit/loss between the EDSP and the trade price; and</p> <p>The Seller will pay Seller Security by 09:00 on the first Business Day following the relevant trade date. Seller Security will represent a percentage of the EDSP multiplied by the number of lots held (paid in order to protect ICE Clear Europe against non-delivery and/or Clearing Member default) On the second Business Day following trade date, a Seller that has fulfilled its obligations under the contract will receive full contract value together with the relevant Seller Security. A separate Variation Margin payment/call will be made by 09:00 on the first Business Day following the relevant</p>



	trade date in order to reflect the profit/loss between the EDSP and the trade price
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### **APPENDIX F – ICE ECX EUA OPTIONS: CONTRACT SPECIFICATIONS**

Unit of Trading	One lot of ICE ECX EUA Options Contract.
Minimum trading size	1 lot
Quotation	Euro (€) and Euro cent (c) per metric tonne
Tick size/ value	€0.01 per tonne (i.e. €10 per lot)
Minimum/ maximum price fluctuation	€0.01/ no maximum limit
Contract months	Up to 8 contract months are listed on a quarterly expiry (March, June, September and December), with <a href="#">4 new contract months listed</a> on expiry of the December contract. Additional December contracts are listed out to Dec 12.
Option style	European-style option
Option premium	Premiums are paid and received at the time of the transaction.
Expiry day	Three Business Days before the expiry day of the relevant contract month of the ICE Futures Europe ECX EUA Futures.
Daily margin	Net liquidating value is calculated, and initial margin charged in the usual manner by ICE Clear Europe Limited (ICE CLEAR EUROPE).
Trading system	Trading occurs on the ICE Platform which is accessible via Web ICE or through an ICE Futures Europe conformed Independent Software Vendor.
Trading hours	07:00 hours to 17:00 hours UK local time. (07:00 to 16:15 hours for the expiring contract month on the expiry day).
Settlement prices	Trade weighted average during the daily designated closing period in accordance with Trading Procedure 2.4.9.
VAT and taxes	The UK's HM Revenue and Customs have confirmed that the trading of the ICE ECX Futures on the Exchange between the Member and ICE CLEAR EUROPE has been granted interim approval to be zero-rated for VAT purposes under the terms of the Terminal Markets Order.
Exercise and automatic exercise	ICE ECX EUA Options will exercise into ICE Futures Europe ECX EUA Futures contracts and are of European-style exercise, such that at expiry automatic exercise will occur of options which are one or more ticks in-the-money. (At-the-money and out-of-the-money options will expire, and there is no manual exercise facility).
Clearing and Contract Security	ICE CLEAR EUROPE acts as central counterparty to all trades and guarantees the financial performance of the ICE Futures Europe contracts registered in the name of its Members.

## APPENDIX G – ICE ECX CER OPTIONS: CONTRACT SPECIFICATIONS

Unit of Trading	One lot of ICE ECX CER Options Contract.
Minimum trading size	1 lot
Quotation	Euro (€) and Euro cent (c) per metric tonne
Tick size/ value	€0.01 per tonne (i.e. €10 per lot)
Minimum/ maximum price fluctuation	€0.01/no maximum limit
Contract months	Up to 8 contract months are listed on a quarterly expiry (March, June, September and December), with <a href="#">4 new contract months listed</a> on expiry of the December contract. Additional December contracts are listed out to Dec 12.
Option style	European-style option
Option premium	Premiums are paid and received at the time of the transaction.
Expiry day	Three Business Days before the expiry day of the relevant contract month of the ICE Futures Europe ECX CER Futures.
Daily margin	Net liquidating value is calculated, and initial margin charged in the usual manner by ICE Clear Europe (ICE CLEAR EUROPE).
Trading system	Trading occurs on the ICE Platform which is accessible via Web ICE or through an ICE Futures Europe conformed Independent Software Vendor.
Trading hours	07:00 hours to 17:00 hours UK local time. (07:00 to 16:15 hours for the expiring contract month on the expiry day).
Settlement prices	Trade weighted average during the daily designated closing period in accordance with Trading Procedure 2.4.9.
VAT and taxes	The UK's HM Revenue and Customs have confirmed that the trading of the ICE ECX Futures on the Exchange between the Member and ICE CLEAR EUROPE has been granted interim approval to be zero-rated for VAT purposes under the terms of the Terminal Markets Order.
Exercise and automatic exercise	ICE ECX CER Options will exercise into ICE Futures Europe ECX CER Futures contracts and are of European-style exercise, such that at expiry automatic exercise will occur of options which are one or more ticks in-the-money. (At-the-money and out-of-the-money options will expire, and there is no manual exercise facility).
Clearing and Contract Security	ICE CLEAR EUROPE acts as central counterparty to all trades and guarantees the financial performance of the ICE Futures Europe contracts registered in the name of its Members.