ICE FUTURES CIRCULAR 06/087 R19

29 June 2006

To: All Members

Copy to: The Financial Services Authority
LCH.Clearnet Limited

Dear Member

Launch date and Contract Rules and Rule amendments for the ICE Rotterdam Coal Futures and the ICE Richards Bay Coal Futures

Further to Circular 06/76, dated 31 May 2006, announcing the launch of the cash-settled ICE Rotterdam Coal Futures and the ICE Richards Bay Coal Futures, (collectively referred to as the “Coal Contracts” in this Circular), the Exchange is pleased to announce that the Coal Contracts will be available for trading from **Monday 17 July 2006.**

Circular 06/76 advised Members who currently have access to trade Utility Contracts on the ICE Platform and wish to trade the Coal Contracts that they need take no further action as the Exchange will automatically add the Coal Contracts to those which they currently have access to trade. Those Members who do not currently have access to trade Utility Contracts should contact the ICE Futures Membership Department to arrange access to trade the Coal Contracts. Further, those Members who trade only ICE ECX CFI Futures on the ICE Platform and wish to trade the Coal Contracts should contact the ICE Futures Membership Department for further information.

Further information will be issued shortly regarding Exchange transaction fees, error policy, Block Trade minimum volume threshold, reporting times for EFP/EFS transactions, client position reporting levels and settlement price procedures.

The Contract Rules and Rule amendments consequential to the introduction of these Coal Contracts are set out on the attached.

I therefore give formal notice, on behalf of the Board, in accordance with the Code of Practice, that it proposes the changes to Exchange Regulations set out on the attached. The Code of Practice provides that any written request for the Board to consider whether the Code of Practice has been adhered to must be received by the Secretary within seven days of the date of this Circular. In the absence of any such request the proposed changes will come into effect on the launch of the Coal Contracts.
Please ensure that the appropriate members of staff and customers are made aware of the contents of this Circular.

Please contact:

Jason Pegley on +44 (0) 20 7265 3646 or email jason.pegley@theice.com if you require general information;
Graham Brailey on +44 (0) 20 7265 3727 or email dl-membership@theice.com if you require information regarding access to trade the Coal Contracts;
Jackie Ryan on +44 (0) 20 7265 3616 or e-mail jackie.ryan@theice.com if you have questions in relation to the Contract Rules or Rule amendments.

Yours sincerely,

Patrick Davis
Company Secretary

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

Thank you for your co-operation.
SECTION U-  CONTRACT RULES:  ICE FUTURES ROTTERDAM COAL FUTURES CONTRACT
ICE FUTURES RICHARDS BAY COAL FUTURES CONTRACT

U.1  Scope
U.2  Definitions
U.3  Reference Quality
U.4  Price
U.5  Quantity
U.6  Cash Settlement Price
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U.1 SCOPE

The Rules in this Section U and in Sections I and V shall apply to Contracts for the ICE Futures Rotterdam Coal Futures Contract and the ICE Futures Richards Bay Coal Futures Contract.

U.2 DEFINITIONS

In the Contract Rules and the Administrative Procedures the following terms shall bear the meanings set opposite them below, if not inconsistent with the subject or context:

“Argus Coal Daily” means the daily periodical published by Argus Media Ltd. which contains, among other things, a Rotterdam assessment and a Richards Bay assessment;

“Argus Coal Daily International” means the daily periodical published by Argus Media Ltd. which contains, among other things, a Rotterdam assessment and a Richards Bay assessment;

“Argus/McCloskey’s Coal Price Index Report” means a coal price index report incorporating the API 2 and API 4 Indices;

“Buyer” means the party acquiring a long position;

“From The Coal Face” means the weekly periodical published by Barlow Jonker Pty Ltd, which contains, among other things, the SACR Europe Spot Price Indicator;

“International Commercial Terms” or “Incoterms” the set of International rules for the interpretation of commonly used shipping terms of trade, as revised from time to time;

“lot” means 1000 tonnes of coal;

“McCloskey’s Coal Report” means the periodical published every two weeks by The McCloskey Group Limited, which contains, among other things, McCloskey’s North West European steam coal marker and McCloskey’s FOB Richards Bay marker;

“McCloskey’s Fax” means the weekly periodical published by The McCloskey Group Limited, which contains, among other things, McCloskey’s North West European steam coal marker and McCloskey’s FOB Richards Bay marker;

“McCloskey’s FOB Richards Bay marker” means a spot price assessment based on Richards Bay, South Africa;

“McCloskey’s North West European steam coal marker” means a spot price assessment based on the Amsterdam – Rotterdam – Antwerp area;

“Quarter Contract” means three consecutive contract months and grouped as follows: January, February and March (first quarter); April, May and June (second quarter); July, August and September (third quarter); and October, November and December (fourth quarter);

“Richards Bay assessment” means a spot price assessment based on Richards Bay, South Africa;

“Rotterdam assessment” means a spot price assessment based on the Amsterdam – Rotterdam – Antwerp area;

“SACR Europe Spot Price Indicator” means a spot price assessment based on Richards Bay, South Africa;
“Season Contract” means six consecutive contract months and grouped as follows:

“Summer Contract” consisting of the months April to September; and
“Winter Contract” consisting of the months October to March;

“Seller” means the party acquiring a short position;

“South African Coal Report” means the periodical published every month by Barlow Jonker Pty Ltd, which contains, among other things, the SACR Europe Spot Price Indicator;

“TFS API 2 (cif ARA) Index” or such successor index (“API 2 Index”) is the average of the Argus cif (as defined in the Incoterms) Rotterdam assessment published in both Argus Coal Daily International and Argus Coal Daily on a Friday (dated next Business Day) and McCloskey’s North West European steam coal marker as published in both McCloskey’s Fax on a Friday (dated Friday) and the fortnightly McCloskey’s Coal Report (dated every other Friday).

In the event of a public holiday on a Friday on which the API 2 Index is due to be published, the API 2 Index will be published on the preceding Business Day;

“TFS API 2 (cif ARA) Monthly Index” or such successor index (“API 2 Monthly Index”) is published in the Argus/McCloskey’s Coal Price Index Report on the last Friday of the calendar month and is the monthly average index compiled from the weekly API 2 Indices.

In the event of a public holiday on the last Friday of the calendar month, the API 2 Monthly Index will be published on the preceding Business Day;

“TFS API 4 (fob Richards Bay) Index” or such successor index (“API 4 Index”) is the average of the Argus fob (as defined in the Incoterms) Richards Bay assessment as published in both Argus Coal Daily International and Argus Coal Daily on Friday (dated next Business Day) and McCloskey’s fob Richards Bay marker as published in both McCloskey’s Fax on Friday (dated Friday) and McCloskey’s Coal Report (dated every other Friday) and the SACR Europe Spot Price Indicator as published in the monthly South African Coal Report and weekly in From The Coal Face (dated Monday).

In the event of a public holiday on the Friday, the API 4 Index will be published on the preceding Business Day;

“TFS API 4 (fob Richards Bay) Monthly Index” or such successor index (“API 4 Monthly Index”) is published in the Argus/McCloskey’s Coal Price Index Report on the last Friday of the calendar month and is the monthly average compiled from the weekly API 4 Indices.

In the event of a public holiday on the last Friday of the calendar month, the API 4 Monthly Index will be published on the preceding Business Day which is not a public holiday.

References to any periodical, report or assessment shall include references to such periodical, report or assessment as may be re-named and/or changed from time to time.

API 2 and API 4 are used under licence from Argus Media Limited/The McCloskey Group Ltd. All copyrights and database rights in the API 2 and API 4 indices belong exclusively to Argus Media Limited/The McCloskey Group Ltd. All rights reserved.
U.3 REFERENCE QUALITY

The ICE Futures Rotterdam Coal Futures Contract shall be referable to coal of a quality meeting the specification of coal on which the calculation of the API 2 Index is based or as otherwise determined by the Exchange from time to time.

The ICE Futures Richards Bay Coal Futures Contract shall be referable to coal of a quality meeting the specification of coal on which the calculation of the API 4 Index is based or as otherwise determined by the Exchange from time to time.

U.4 PRICE

The contract price shall be in United States dollars and cents per tonne with a minimum fluctuation of 5 cents per tonne or as otherwise determined by the Exchange from time to time.

U.5 QUANTITY

(a) A contract shall be for one or more lots.

(b) The Exchange may, in its absolute discretion, determine from time to time that a Contract shall be traded in a minimum number of lots or multiples thereof.

U.6 CASH SETTLEMENT PRICE

The Exchange shall publish a cash settlement price on the Business Day following the last Friday of the contract month.

Subject to the Contract Rules and Procedures the cash settlement price shall be:

for the ICE Futures Rotterdam Coal Futures Contract:

a price equal to the API 2 Monthly Index for the relevant contract month as reported in the Argus/McCloskey’s Coal Price Index Report;

for the ICE Futures Richards Bay Coal Futures Contract:

a price equal to the API 4 Monthly Index for the relevant contract month as reported in the Argus/McCloskey’s Coal Price Index Report.

U.7 CASH SETTLEMENT OBLIGATIONS

(a) Contracts remaining open in the relevant contract month at cessation of trading on the last day of trading for the contract month shall be subject to the cash settlement procedure set out in this Rule.

(b) In respect of every lot comprised in the Contract, the following payments shall be made:

Where the cash settlement price

(i) exceeds the contract price, payment by the Seller to the Clearing House,

(ii) exceeds the contract price, payment by the Clearing House to the Buyer,

(iii) is less than the contract price, payment by the Clearing House to the Seller,

(iv) is less than the contract price, payment by the Buyer to the Clearing House,
of an amount calculated by multiplying the difference between the cash settlement price and the contract price by 1000.

(c) All payments to be made hereunder shall be made in such manner and by such time as the Clearing House may determine. They shall be made no later than the Trading Day following the date of publication of the cash settlement price.
V.1 Cessation of Trading
V.1 CESSATION OF TRADING

(a) Subject to Rule V.1(c), trading shall cease at the close of business on the last Friday of the contract month. In the event of a public holiday on such Friday, trading shall cease at the close of business on the preceding Business Day.

(b) Subject to Rule V.1(c), a group of contract months grouped as a Quarter Contract/Season Contract shall cease trading as a Quarter Contract/Season Contract at the close of business on the last Friday of the first contract month comprised in such Quarter/Season Contract. In the event of a public holiday on such Friday, trading shall cease at the close of business on the preceding Business Day.

(c) If at any time dealings on the Market in the contracts are suspended on any Trading Day, whether by virtue of an order under the Banking Financial Dealings Act 1971 or as a result of a decision of the Exchange under the Regulations or for any other reason, the Exchange may amend the provisions of this Rule V.1(a) and/or (b) accordingly.
A.1 DEFINITIONS

“Coal Contract” — a contract containing the terms set out in Section U of the Contract Rules;

B.4 APPLICATION FOR MEMBERSHIP

B.4.1 An applicant for membership under any of the above categories shall complete such form of application as the Directors may prescribe, specifying which category of membership it is seeking, whether it wishes to: (1) trade and/or clear Oil Contracts; (2) trade and/or clear Utility Contracts; (3) trade and/or clear Emission Contracts by virtue of holding an Emissions Trading Privilege; (4) trade and/or clear Coal Contracts; and whether it is to be a clearing member or non-clearing member as applicable.

B.6 SCOPE OF PARTICIPANT ACTIVITIES

B.6.1 A General Participant shall, in accordance with the elections it has communicated to the Exchange in respect of the Contracts it wishes to trade and/or clear as required under Rules B.4.1 or B.4.6, be permitted to:

(a) trade:

(i) those Oil and/or Utility Contracts and/or Coal Contracts available for trading on the ICE Platform; and/or

(ii) Emission Contracts available for trading on the ICE Platform, provided that the General Participant is the holder of an Emissions Trading Privilege, as appropriate, for own business and in connection with client business in conformity with the Regulations;

(b) register any number of Responsible Individuals;

(c) in the case of a General Participant who is also a clearing member of the Clearing House, register with the Clearing House in accordance with its General Regulations:

(i) all Oil and/or Utility and Coal Contracts made by the General Participant on the ICE Platform;

(ii) Emission Contracts made by the General Participant on the ICE Platform, provided that the General Participant is the holder of an Emissions Trading Privilege;

(iii) by agreement, any Contract made on the ICE Platform by another Member provided that if
the Contract is an Emission Contract, the General Participant is a holder of an Emissions Trading Privilege; and

(d) accept allocations of Contracts made on the ICE Platform by other General Participants provided that if the Contract is an Emission Contract, the General Participant is a holder of an Emissions Trading Privilege.

B.6.2 A Trade Participant shall, in accordance with the elections it has communicated to the Exchange in respect of the Contracts it wishes to trade and/or clear as required under Rules B.4.1 or B.4.6, be permitted to:

(a) trade:

(i) those Oil and/or Utility and/or Coal Contracts available for trading on the ICE Platform; and/or

(ii) those Emission Contracts available for trading on the ICE Platform, provided that the Trade Participant is the holder of an Emissions Trading Privilege, as appropriate, for own business in conformity with the Regulations;

(b) register any number of Responsible Individuals;

(c) in the case of a Trade Participant who is also a clearing member of the Clearing House, register with the Clearing House in accordance with its General Regulations:

(i) all Oil and/or Utility and/or Coal Contracts made by the Trade Participant on the ICE Platform;

(ii) Emission Contracts made by the Trade Participant on the ICE Platform, provided that the Trade Participant is the holder of an Emissions Trading Privilege; and

(d) accept allocations of Contracts made on the ICE Platform by a General Participant provided that such Contracts are own business of the Trade Participant and provided that if the Contract is an Emission Contract, the Trade Participant is a holder of an Emissions Trading Privilege.

B.6.3 An Individual Participant shall, in accordance with the elections it has communicated to the Exchange in respect of the Contracts it wishes to trade as required under Rules B.4.1 or B.4.6 be permitted to:

(a) trade:

(i) all Oil and/or Utility and/or Coal Contracts available for trading on the ICE Platform for own business in conformity with the Regulations;

(ii) Emission Contracts available for trading on the ICE Platform, provided that the Individual Participant (and the clearing Member through whom he clears) is the holder of an Emissions Trading Privilege as appropriate, for own business and in connection with give-up business for other Individual Participants in conformity with the Regulations; and

(b) accept allocations of Contracts made on the ICE Platform by General or Individual Participants provided that such Contracts are own business of the Individual Participant and further provided that if the Contract is an Emission Contract, the Individual Participant accepting the allocation trade is a holder of an Emissions Trading Privilege; and

(c) register one Responsible Individual, which must be the individual identified in Rule B.3.2(a)(i).

F.5 EXCHANGE FOR PHYSICALS ("EFPs")
EXCHANGE FOR SWAPS ("EFSS")

(a) These Rules shall apply to EFP transactions and EFS transactions other than those in Rule F.5.A. EFP and EFS transactions may take place in respect of any contract month in any product mentioned
in Section J up to one hour after the relevant time of cessation of trading of a Contract for such contract month.

EFS transactions may take place in respect of any contract month in any product mentioned in Section N up to the relevant time of cessation of trading of a Contract for such contract month.

EFPs and EFSs may take place in respect of any product mentioned in Sections L, Q, U, AA and CC up to one hour after the relevant time of cessation of trading of a Contract for such contract month.

I.14 FURTHER AMENDMENT OF CONTRACT RULES

(b) The Directors shall not propose an amendment under this Rule on terms affecting existing Contracts if the amendment is in their opinion likely to affect the market price of the product. The restraint imposed by this paragraph (b) shall not apply in respect of:

(i) contract months which, in the case of gas oil futures, Brent blend crude oil futures, ICE Futures West Texas Intermediate Light Sweet Crude Oil Futures Contract, ICE Futures New York Harbour Heating Oil Futures Contract, and the ICE Futures New York Harbour Unleaded Gasoline Blendstock (RBOB) Futures Contract, ICE Futures Rotterdam Coal Futures Contract and the ICE Futures Richards Bay Coal Futures Contract are for the time being more distant than the ninth forward contract month;

TRADING PROCEDURES

Settlement Procedure for: the ICE Futures West Texas Intermediate Light Sweet Crude Oil futures Contract; the ICE Futures New York Harbour Heating Oil Futures Contract; and the ICE Futures New York Harbour Unleaded Gasoline Blendstock (RBOB) Futures Contract; ICE Futures Rotterdam Coal Futures Contract; and the ICE Futures Richards Bay Coal Futures Contract

2.4.8.A The Unofficial Settlement Price of each Contract Month of the relevant Contract shall be determined by the Market Supervisor after considering all relevant data which may include, at his absolute discretion, trading during such period of time (the designated settlement period) as may be specified by the Directors from time to time, and data from any other appropriate source, related swap, forward, derivative markets and consultation with market participants (who may or not be Members) included.

Fifteen minutes after the display on the ICE Platform of the Unofficial Settlement Prices for a Contract, or the corrected Unofficial Settlement Price amended in accordance with Trading Procedure 2.4.12, such prices shall become the Official Settlement Prices for such Contract.

The Official Settlement Prices will be communicated to the Clearing House forthwith and will become the Exchange Official Settlement Prices thirty minutes thereafter.