

CONTRACT RULES
ICE FUTURES NEW YORK HARBOUR ULTRA LOW SULPHUR DIESEL
FUTURES CONTRACT
ICE FUTURES NEW YORK HARBOUR ULTRA LOW SULPHUR HEATING OIL
FUTURES CONTRACT

7C1

SECTION 7C1 - CONTRACT RULES:
ICE FUTURES NEW YORK HARBOUR ULTRA LOW SULPHUR DIESEL FUTURES CONTRACT¹
ICE FUTURES NEW YORK HARBOUR ULTRA LOW SULPHUR HEATING OIL FUTURES CONTRACT²

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¹ Inserted [] 2019

² Inserted [] 2019

7C1.1 QUALITY

- (a) Under the ICE Futures Europe New York Harbour Ultra Low Sulphur Diesel Futures Contract, the oil delivered shall fully comply with Colonial Pipeline Company's Product Specification for fungible 15ppm Sulphur Diesel Fuel Grade 62, excluding the prohibition of lubricity additives as noted in section 3.2.8 of the Colonial Pipeline Product Specification.
- (b) Under the ICE Futures Europe New York Harbour Ultra Low Sulphur Heating Oil Futures Contract, the oil delivered shall fully comply with Colonial Pipeline Company's Product Specification for fungible 15ppm Sulphur Heating Oil Grade 67, excluding the prohibition of lubricity additives, as noted in section 3.2.8 of the Colonial Pipeline Product Specification.

The oil delivered shall be a pure hydrocarbon oil free from alkali, biodiesel, grit, mineral acid, renewable fuel, fibrous or other foreign matter, being designated for sale in New York Harbour in accordance with US EPA regulations.

The Exchange, at its sole discretion, may modify the existing delivery requirements for the above mentioned contracts in order to comply with any waivers issued by the EPA which impact (or may impact) the fuel standards at Terminals located in the New York Harbour area.

7C1.2 QUANTITY

The Contract shall be for one or more lots of 42,000 US gallons (1,000 US barrels). Where delivery is made by barge, a loading tolerance of up to 2% above or below the quantity specified is permitted.

All volumes shall be determined at 60° F using ASTM Standard D-1250, Table 6B. Delivery test results may vary by the smaller of ASTM reproducibility for a given test or any test tolerance as allowed for downstream parties by state or EPA regulations at the point of delivery.

7C1.3 SCOPE

- (a) These Contract Rules together with the applicable Administrative Procedures govern transactions in ICE NYH ULSD and ICE NYH ULSHO Futures Contracts.
- (b) Such Contracts shall be for the sale and delivery by the Seller to the Buyer of product meeting the relevant Contract specification and in accordance with, or as otherwise allowed under, the Contract Rules and Administrative Procedures. Delivery shall be into barge, in-tank or inter-tank (or otherwise provided in Rule 7C1.7 at a recognised storage facility in New York Harbour, such facility to be specified by the Seller, or by any other means in accordance with the Contract Rules.

Delivery shall take place on a Business Day within a five-day window agreed between the Buyer and the Seller, nominated among those days by the Buyer in accordance with the Administrative Procedures. Such day must be between the sixth Business Day and the last Business Day of the Contract month inclusive.

7C1.4 DEFINITIONS

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

“ADP”	means the alternative delivery procedure specified in Rule 7C1.10
“ASTM”	means American Society for Testing and Materials;
“barge”	within the Contract Rules, where the context requires, references to barge shall include tanker;
“Business Day”	means a day which is a “ <i>Business Day</i> ” as defined in the Clearing Rules, which is also a day on which Terminals are open for business, or such other day as may be determined by the Exchange from time to time;
“Calendar Year Contract”	means a strip of 12 consecutive contract months commencing January and ending with December;
“EDSP”	means the Exchange Delivery Settlement Price and has the meaning attributed to it in Rule 7C1.6(b);
“EPA”	means the Environmental Protection Agency;
“ET”	means the prevailing time in New York;
“Grade 62”	means the Colonial Pipeline Company’s Product Specification for fungible 15 ppm sulphur diesel fuel grade 62, as may be amended from time to time;
“Grade 67”	means the Colonial Pipeline Company’s Product Specification for fungible 15 ppm sulphur heating oil grade 67, as may be amended from time to time;
“ICE NYH ULSD Futures Contract”	means ICE Futures Europe New York Harbour Ultra Low Sulphur Diesel Fuel Futures Contract;
“ICE NYH ULSHO Futures Contract”	means ICE Futures Europe New York Harbour Ultra Low Sulphur Heating Oil Futures Contract;
“Inspector”	an inspector selected or nominated in Rule 7C2.7;
“Last Trading Day”	means the day on which trading shall cease in respect of a particular Contract, being, in respect of a delivery month, the last Business Day of the month preceding the delivery month;

“LPT”	means the prevailing time in London, United Kingdom;
“nominated delivery date”	the date nominated by the Buyer and notified to the Seller in accordance with Rule 7C2.6;
“Non-Business Day”	means a Trading Day which is a public holiday in the US;
“product”	means fungible 15ppm ultra low sulphur diesel fuel Grade 62 meeting the Product Specifications set forth in Rule 7C1.1(a); or means fungible 15ppm ultra low sulphur heating oil Grade 67 meeting the Product Specifications set forth in Rule 7C1.1(b);
“Product Specification”	means the Colonial Pipeline Company specification for the products, as may be amended from time to time;
“Quarter Contract”	means three consecutive contract months grouped as follows: <ul style="list-style-type: none"> • 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);
“Terminal”	means a storage terminal, facility or installation in New York Harbour that has been recognised by the Exchange under Rule 7C1.7(a);
“Trading Day”	means a day on which the Market is open to trade, as determined by the Exchange from time to time, which may be a Business Day or a Non-Business Day.

7C1.5 ORIGIN

No restrictions or requirements as to origin apply, provided that the parties are otherwise in compliance with the Regulations. Delivery of product of certain origins may result in an adjustment to the Contract price in accordance with Rule 7C1.6(b).

7C1.6 PRICE

- (a) (i) The Contract price shall be in United States dollars and cents per gallon with a minimum fluctuation of one hundredth of one cent (\$0.0001) per gallon, or as otherwise determined by the Exchange from time to time.
- (ii) The Contract price shall be inclusive of the cost of delivery of the product as part of a single delivery of not less than the specified amount onto the Buyer’s barge (any extra costs resulting from loadings of less than the specified amount at a single delivery shall be for the account of the Buyer). Where the Seller tenders a delivery of less than the specified amount any such extra costs shall be for his account. All other costs are for the account of the Buyer except where otherwise provided in the Contract Rules or the Administrative Procedures.

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The specified amount shall be 1,050,000 gallons.

- (iii) The Contract price shall be exclusive of any tax or excise duty that may be or become payable on the sale or delivery of the product.
- (iv) Any compulsory stock requirement from time to time in force in any country shall be the Buyer's responsibility.
- (b) The Exchange will publish the EDSP, as determined by the Exchange in accordance with Rule 7C1.6(c) and (d), on the Last Trading Day for each Contract month, which shall be the basis for delivery of all outstanding Contracts as of the close of trading on the Last Trading Day and which go to physical delivery on the expiry date.
- (c) Subject to Rule 7C1.6(d), the EDSP in respect of a Contract that is subject to settlement or delivery obligations shall be the settlement price on the last Business Day of the month immediately preceding the delivery month.
- (d) Notwithstanding Rule 7C1.6(c), the Directors may, in their absolute discretion, determine in respect of a Contract, on any day prior to the delivery date, a price other than the EDSP determined in accordance with Rule 7C1.6(c).

7C1.7 TERMINALS AND MODES OF DELIVERY

- (a) A Terminal must be a facility or storage installation in New York Harbour, with an ex-shore facility capable of accepting and delivering barges, with pipelines and storage facilities.

The Exchange will publish a list of Terminals on the ICE website (www.theice.com). Notwithstanding, the Exchange makes no representation nor does it provide any warranties in relation to the Terminals' suitability, fitness for purpose, condition, environmental or EPA standards, liabilities or controls, arrangements for conferring property or contractual entitlements, arrangements or timings for loading or delivery, rights in respect of fractional entitlements, property co-mingling, insolvency protections, insurance cover or otherwise. Members should make their own enquiries to satisfy themselves as to any of the above matters as they relate to any Terminal. Members should not rely in any way on any action taken by the Exchange in relation to the recognition process. The Exchange may, at any time, and without giving reason, upon such notice as considered appropriate by the Directors circulated to Members, withdraw the recognition of any Terminal or group of Terminals.

- (b) At its option, the Buyer may choose from the following delivery modes:-
 - (i) into Buyer's barge;
 - (ii) into Buyer's tanker, where the Terminal has suitable facilities for this mode of delivery;
 - (iii) by inter-tank transfer where there is a suitable connecting pipeline and the operator of the pipeline agrees, at Buyer's own expense (either between tanks in the Terminal nominated by the Seller or between a tank in that Terminal and a tank in a Terminal nominated by the Buyer); and

- (iv) by in-tank transfer without movement of the product from the original in-tank location of the product where the terms of business of the Terminal allow it, at Buyer's own expense.
- (c) For the purposes of participating in a delivery, there is a minimum 25 lots threshold. For any deliveries below the 25 minimum lots requirement, the parties may undertake the procedure specified in Rule 7C1.10 below regarding ADP.
- (d) Notwithstanding the above, in accordance with Rule 7C1.10, delivery may be made by any other means or in any other location.

7C1.8 EXCLUSION OF LIABILITY IN RESPECT OF TERMINALS

The Exchange shall have no liability whatsoever for the condition of Terminals, for their availability or suitability for the storage of product or for the performance by operators of such Terminals of any responsibilities they may assume towards Members or other persons pursuant to the Contract Rules except for liability for fraud or bad faith on the part of the Exchange, death or personal injury caused by negligence, or any liability on the part of the Exchange which cannot lawfully be excluded. Neither the Exchange nor the Clearing House provides any guarantee or comfort in respect of the solvency or performance of any Terminal operator. Buyers and Sellers shall rely on their own due diligence carried out in this regard, including in respect of any compliance obligations relating to the products, therefore operating at their own risk. Persons placing product into Terminals or taking delivery of product from the same shall accordingly have no claim against the Exchange for any loss or damage thereby incurred or suffered, however such loss or damage may be caused.

7C1.9 EXCHANGE FOR PHYSICALS (EFPS)

EFP transactions involving ICE NYH ULSD Futures Contracts and ICE NYH ULSHO Futures Contracts shall be subject to the requirements of Exchange Regulations, Section F (Contracts) provided that EFPs executed on the Last Trading Day for any contract month may be reported at any time after the close of trading until 09:00 ET / 15:00 LPT on the next Business Day following the Last Trading Day. New EFPs may not be initiated during this period; the given timeframe is solely for the registration of previously agreed contracts.

7C1.10 ALTERNATIVE DELIVERY PROCEDURE (ADP)

- (a) Notwithstanding any other provision of the Contract Rules and Administrative Procedures, a Seller may agree with the Buyer to whom its lots are allocated by the Clearing House in accordance with the Administrative Procedures to make delivery of product of a specification other than that provided for or in a manner or at a place or on terms other than those specified in the Contract Rules and Administrative Procedures. Any such ensuing ADP negotiation should reflect commercial practice by proceeding from verifiable evidence of a quantifiable cost or loss that has accrued to either party as a result.
- (b) In the event that the Seller and Buyer agree, they shall each immediately give notice of that fact to the Clearing House in such form and containing such details as may from time to time be prescribed by the Clearing House.
- (c) Following receipt of such notices, the Clearing House shall liquidate the parties' Contracts at the relevant EDSP published by the Exchange pursuant to Rule 7C1.6(b) and cease, as a result of the entry into a replacement agreement or arrangements under this Rule, to owe or be due any

obligation towards the Seller or the Buyer, whether under any Contract or otherwise. Any additional amounts payable as a result of the ADP shall be settled directly between the Seller and Buyer without involvement of the Clearing House.

- (d) Without prejudice to the foregoing, the Seller and Buyer may, with the consent of the Clearing House, arrange to pass documents relating to and to make payment for the product through the Clearing House.

7C1.11 DETERMINATION OF QUALITY AND QUANTITY

(a) Generally

The quality and quantity of product delivered will be determined by an Inspector selected by the Seller and the Buyer, according to the process outlined in the Administrative Procedures. No product additions to take place following inspection.

(b) Delivery into barge or tanker

The quality and quantity of product delivered shall be determined by the Inspector upon loading by in-line samples taken and by metering between the shore tank and the barge's flange. The same shall apply to deliveries into tanker.

(c) Delivery by inter-tank transfer

The quality of product delivered shall be determined upon delivery by the Inspector by samples taken from the Seller's tank immediately before pumping begins. The quantity shall be determined by the Inspector by metering at or near the outlet valve of the Seller's tank.

(d) Delivery in-tank without movement of the product

The quality and quantity of product delivered shall be determined by such means as the Seller and Buyer may agree, provided that any independent inspection shall be carried out by the Inspector. If the Seller and Buyer cannot agree on a means of determination, the means shall be determined by the Inspector.

- (e) Except in any case of fraud or manifest clerical error and subject to any second inspection under the below paragraph, the Inspector's determination shall be final and binding on all parties. If the product is found to meet the quality specification, the Seller and Buyer shall share equally the cost of inspection. If it is not, the Seller shall pay the cost of inspection. The cost of determining the quantity of product delivered shall be borne equally by the Seller and the Buyer. All such costs shall be settled directly between the parties involved and the Inspector.

- (f) The Inspector shall seal and retain samples in accordance with local practice. Before samples are disposed of, a party may request a second inspection with regard to quality. In such event the party requesting the second inspection shall select a second Inspector and immediately notify the other party and the Clearing House of the request for a second inspection and the name of the second Inspector. The second Inspector shall examine only the samples retained by the first Inspector and shall determine their quality. The party requesting the second inspection shall immediately notify the other party and the Clearing House of the quality of the samples. Except in any case of fraud or manifest clerical error, this determination shall be final and binding on all parties. If the first Inspector's determination is in all

material respects upheld, the party who requested the second determination shall bear the costs thereof. If the first Inspector's determination is in any respect varied, the costs of the second inspection shall be borne by the Seller if the product is found by the second Inspector not to meet the quality specifications or by the Buyer if the product is found by the second Inspector to meet the quality specification.

(g) The Buyer may waive any one or more tests for quality entirely at its own risk.

7C1.12 SELLER'S OBLIGATIONS

- (a) The Seller is obliged to:-
- (i) deliver to the Clearing House all documents stipulated in the Administrative Procedures and Clearing House Rules;
 - (ii) accept any Buyer or Buyers with open positions to whom the Clearing House allocates its lots for the purposes of delivery; and
 - (iii) subject to any default on the part of the Buyer, make delivery from or at a Terminal chosen by the Buyer in the location specified in its Delivery Confirmation Form and as notified to the Seller by the Clearing House pursuant to Rule 7C2.3(b);
 - (iv) have available at 00.01 hours on the nominated delivery date a quantity and quality of product sufficient to meet its obligations under the Contract for that nomination in one or more storage tanks at the Terminal nominated by it;
 - (v) ensure that the product is on delivery of the quality and quantity required by the Contract Rules;
 - (vi) subject to Rule 7C1.12(b), insofar as delivery is not completed within the delivery time normally allowed at the Terminal, pay any additional storage charges, delivery fees and demurrage in accordance with good industry practice;
 - (vii) deliver to the Clearing House all post-delivery documents stipulated in Administrative Procedures;
 - (viii) deliver product within a quantity tolerance of plus or minus 2% of the contract volume of product. Notwithstanding the tolerance permitted under the Contract, the Clearing House will invoice the parties on a full lots basis; any product delivered as part of the tolerance level will be accounted separately between the Buyer and the Seller; and
 - (ix) comply with all relevant provisions of the Contract Rules and Administrative Procedures, and, where applicable, EPA regulations and regulations of the New York State Department of Environmental Protection.
- (b) The obligation set out at Rule 7C1.12(a)(vi) shall not be borne by the Clearing House or by any Seller except the Seller who actually arranges delivery of product into barge (or actually makes such other arrangements for delivery as the Buyer may have chosen or agreed to under the Contract Rules). Such Seller shall owe the obligation directly to the Buyer who originally incurs the charges, fees or demurrage and not to any other Buyer save as may be agreed between the parties. For the purpose of this paragraph there shall be a contract ("a demurrage contract")

between the said Seller and the said Buyer, which shall be governed by and construed in accordance with English law and shall be subject to the Regulations. The Buyer's claims under a demurrage contract shall be notified to the Seller who is party to it within 90 days of the date of the barge bill of lading or the delivery note. Any dispute arising from a demurrage contract, and any question whether a Seller or Buyer is party to a demurrage contract, shall be referred to arbitration under the Arbitration Rules as if the demurrage contract were a Contract.

7C1.13 BUYER'S OBLIGATIONS

- (a) The Buyer is obliged to:-
- (i) promptly take up and accept any one or more lots complying with the Contract Rules and Administrative Procedures which are allocated to the Buyer by the Clearing House, whether or not they satisfy its preferences;
 - (ii) subject to any default on the part of the Seller, take delivery of the product;
 - (iii) promptly take up documents and make payment to the Clearing House by net cash against the documents lodged pursuant to Administrative Procedures; and
 - (iv) comply with all relevant provisions of the Contract Rules and Administrative Procedures, and, where applicable, EPA regulations and regulations of the New York State Department of Environmental Protection.
- (b) If the Buyer fails to make payment in the manner and within the time specified, the Clearing House may (without prejudice to any other steps open to it under the Contract Rules, the Clearing House Rules or otherwise) forthwith take any or all of the following steps:
- (i) realise the security or margin furnished to it by the Buyer (all costs, expenses and interest involved in such realisation and delay to be for the account of the Buyer);
 - (ii) sell the product (through any Member or otherwise), any resulting difference in price together with all interest and charges arising from the sale and delay being for the account of the Buyer; and
 - (iii) apply the proceeds of paragraphs (i) and (ii) and any margin held from the Buyer in cash in reduction or satisfaction of the Buyer's obligations, accounting to the Buyer for any security, documents, proceeds or cash remaining.

7C1.14 PROPERTY AND RISK

Delivery shall be made free-on-board ("F.O.B.") at Seller's ex-shore facility in New York Harbour with all duties, entitlements, taxes, fees and other charges imposed prior to, or as a result of, delivery paid by the Seller. Delivery shall be made in accordance with applicable US federal, state and local laws and regulations. Buyer shall reimburse Seller for any tax as has been or will be paid by the Seller in respect of the product.

To the extent that a jurisdiction imposes a tax or excise duty collection, remittance and/or reporting obligation on the Exchange, the Clearing House, the Buyer, the Seller or a Clearing Member related to the

ICE NYH ULSD Futures Contract and/or the ICE NYH ULSHO Futures Contract, each of the Buyer, the Seller, and the Clearing Member shall use all reasonable endeavours to (i) provide the Exchange or the Clearing House with any documentation required by the Exchange or the Clearing House to enable the Exchange or the Clearing House (as applicable) to demonstrate that the Contracts are exempt from such tax or excise duty; and (ii) maintain any registrations as may be required to secure the applicability of such exemptions.

For the purposes of this provision, F.O.B. means that the risk shall pass to the Buyer:-

- (i) in the case of delivery into barge or tanker, when the product passes the barge's flange on loading;
- (ii) in the case of delivery by inter-tank transfer, when the product passes the outlet valve of the Seller's tank; and
- (iii) in the case of delivery by transfer in-tank without movement of the product, at the time of passing of property.

Property in the product delivered shall pass to the Buyer when the Buyer's net cash in payment therefore is credited to the Clearing House's account.

7C1.15 EMBARGOES

The product is, or may be, subject to certain destination restrictions imposed by the government of the country of origin. In some instances, governments of importing countries impose restrictions on imports from certain sources. The Buyer shall accept and conform to all such restrictions placed on the product by governments. It is incumbent on the Buyer to familiarise itself with the various restrictions that apply.

7C1.16 BUYER'S SECURITY

Before the time for delivery, the Buyer may be required to put up full security or delivery margin to the Clearing House in accordance with the Administrative Procedures and the Clearing House Rules. Interest will be paid on cash at the appropriate Clearing House rate.

7C1.17 FORCE MAJEURE

An event of force majeure shall mean any occurrence outside the control of either party to the Contract which hinders or prevents the performance in whole or in part by the party affected of its obligations hereunder (other than an obligation to make payments), including but not limited to fire, storm, flood, earthquake, explosion, accidents howsoever caused, strike, lockout, work to rule or other industrial dispute, acts of God, acts of government or other national or local authority or agency thereof, and delays in transportation or communications.

Neither party shall be deemed to be in default of its obligations nor shall any penalty or damages be payable if and to the extent that performance of such obligations is hindered or prevented by an event of force majeure.

If an event of force majeure hinders or prevents the affected party from performing any of its obligations under a Contract it shall immediately notify the Exchange and the Clearing House in writing of such event and the obligations under the Contract which are affected. The Exchange shall refer this matter to either the Delivery Committee under Rule I.18(a) to determine whether an event of force majeure has

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occurred which has hindered or prevented the affected party from performing its obligations to deliver under a Contract or otherwise to the Board. If a Delivery Panel or the Delivery Committee or the Board, as the case may be, determines that an event of force majeure has occurred which has hindered or prevented the performance of a Contract for a period of 5 days beyond the time limit set out in the Contract Rules or Administrative Procedures, the Contract shall be invoiced back by the Clearing House at a price to be fixed by a Delivery Panel of the Delivery Committee under Rule I.18 or the Directors in their absolute discretion, as appropriate. Such price shall be binding on the parties and no dispute as to such price may be referred to arbitration but completion of invoicing back shall be without prejudice to the right of either party to refer the question of the existence, extent or duration of an event of force majeure or any default or related dispute to arbitration.