

## Circular 21/078 ICE UK Emissions Allowances - Trading Information

### Category

Trading

### Attachments

None

Further to the announcement of the introduction of the ICE UK Emissions Allowances (UKA) in Circular [21/044](#), dated 18 March 2021, the purpose of this Circular is to advise Members of the following information:

- Trading Hours
- Designated Settlement Procedures
- Settlement Volume Thresholds
- Trade Adjust and Cancellation Policy
- No Cancellation Ranges and Reasonability Limits
- Interval Price Limits
- Block Trade Thresholds
- Application of Terminal Markets Order

### Trading Hours (London Time)

Contract	Pre-open	Open	Close
UKA Futures	06:45	07:00	17:00
UKA Daily Futures	06:45	07:00	17:00

### Designated Settlements Procedures

Daily Settlements will be calculated in accordance with ICE Futures Trading Procedures 2.4 found [here](#).

Designated Settlement Window (London Time)	
UKA Futures	16:05 – 16:15
UKA Daily Futures	16:05 – 16:15

### Settlement Volume Thresholds

The Settlement Volume Thresholds establish the minimum volume of trades which need to be completed during the relevant Settlement period for the purpose of calculating prices by means of a trade weighted average calculation. The Settlement Volume Thresholds are set on a contract by contract basis, determined by the Exchange.

Settlement Volume Thresholds	
UKA Futures	100
UKA Daily Futures	100

The full table of Settlement Volume Thresholds can be found [here](#).

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### Trade Adjustment and Cancellation Policy

The Trade Adjustment and Cancellation policy can be found [here](#).

### No Cancellation Ranges and Reasonability Limits

No Cancellation Ranges are Exchange-set parameters above or below fair market value, within which a disputed trade will not be subjected to price adjustment or cancellation.

Reasonability Limits are Exchange-set parameters beyond which the trading server will not accept orders.

Pre- Open Reasonability Limits will be set prior to the market opening and will revert to the normal RL settings shortly after the open.

Contract	NCR	Spread NCR	RL	Pre-Open RL
UKA Futures	0.50	0.25	0.75	1.50
UKA Daily Futures	0.50	N/A	0.75	1.50

The full table of No Cancellation Ranges and Reasonability Limits can be found [here](#).

### Interval Price Limits

The Interval Price Limit (IPL) provides functionality to limit large price movements from occurring within a given time frame. For each contract there will be a set limit, the IPL, to which prices can move within a set time frame known as the re-calculation time. If a bid or offer attempts to breach the IPL, the market will enter a hold period preventing any further trading beyond the limit until the end of the hold period. Trading can still continue during the hold period within the upper and lower parameters of the IPL. At the end of the hold period new parameters are set based on the prevailing market prices.

Contract	IPL	IPL Recalc	IPL Hold
UKA Futures	£1.00	3 Seconds	15 Seconds
UKA Daily Futures	£1.00	3 Seconds	15 Seconds

### Block Trade Thresholds

Contract	Minimum Volume Threshold (lots)
UKA Futures	10
UKA Daily Futures	10

### Application of Terminal Markets Order

HM Revenue & Customs has confirmed the application of the Terminal Markets Order (SI 1973/173) (TMO) on a temporary concessional basis for ICE UK Emissions Allowances (UKA) traded on ICE Futures Europe and cleared by ICE Clear Europe, subject to the same conditions that have existed for EU Emissions Allowances. Where those conditions are met, UKAs are capable of zero rating for UK VAT purposes. The TMO will not apply where a UK member

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has purchased the UKAs for their own consumption; in such circumstances, the UK domestic reverse charge would apply. Members should seek their own tax advice on both the application of the Terminal Markets Order and the UK domestic reverse charge provisions.

Full details of the Exchange's Block Trade and Asset Allocations Policy can be found [here](#).

Please ensure that the appropriate members of staff within your organisation and customers are advised of the content of this Circular.

Signed:



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**For more information, please contact:**

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