

**CIRCULAR
08/019 R07**

26 February 2008

Category:
General**Attachments:**

1. Contract Specification
2. Table of Expiry dates
3. Contract Rules and Procedures, and Rule amendments consequential to the introduction of the Contract

Summary of contentLaunch of the ICE
Futures ECX Carbon
Financial Instruments
CER Futures Contract**For more information
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CER Futures Contract**

The Exchange is pleased to announce the launch of the ICE Futures ECX Carbon Financial Instrument CER Futures Contract ("ICE ECX CER Futures") on **Friday 14 March 2008**.

A Contract Specification is attached.

Contract outline

The Contract will be physically-delivered by the transfer of CERs (certified emission reduction units) from the Seller to the Buyer.

Listed months

ICE ECX CER Futures will be listed on a quarterly expiry cycle with March, June, September and December contract months such that 17 contract months will be listed from December 2008 to December 2012. For the avoidance of doubt, the first tradeable contract month will be December 2008.

Expiry time and dates

Trading will cease at 17:00 hours on the last day of trading of a particular contract month, normally being the last Monday of the contract month. A schedule of expiry dates is attached.

Trading hours

The Contract will trade daily from 07:00 hours to 17:00 hours (London Local Time).

Eligibility to trade/clear ICE ECX CER Futures

Members and their customers who have access to ICE ECX CFI 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 CFI Dec 08 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.

Transaction charges

The transaction fee charged by the Exchange for ICE ECX CER Futures (including Block Trades, EFPs and EFSs) will be €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 LCH.Clearnet Ltd (LCHC) registration fee will be €1.50 per lot per side (i.e. €0.0015 per tonne).

EFP and EFS trades

Members may report EFP and EFS trades up to 30 minutes after the close of business each day. The reporting method is set out in the ICE

Futures Europe EFP EFS Policy document available on the Resource Centre of the ICE website. This document will be updated to reflect the implementation of this Contract.

TRS contract codes and trade types

	TRS Contract codes
Physical Contract	CER
Logical Commodity	ECF
Generic Contract	F

	TRS trade type
EFP	O
EFS	O
Block Trade	K

Settlement price procedures and designated settlement period

Daily settlement prices will be determined in accordance with Trading Procedure 2.4 and the designated settlement period will be 16:00 hours to 16:15 hours (London Local Time).

Margins

Margin rates will be announced by LCHC in due course.

Volume Ratio Charges

The Volume Ratio Charging Policy as set out in Circular 06/015 dated 24 January 2006 will not apply to ICE ECX CER Futures.

Third party notification

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

Contract Rules and Administrative Procedures

The Contract Rules and Administrative Procedures governing the trading and delivery of the Contract are 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 upon the launch of the Contract.

Further information in respect of the Block Trade size, the reasonability limit, the no cancellation range, and client position reporting will be issued shortly.

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

Signed:



Patrick Davis
Company Secretary

ICE FUTURES ECX CFI CER FUTURES CONTRACT:

CONTRACT SPECIFICATIONS

Unit of Trading	One lot of 1000 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 an quarterly expiry cycle such that 17 contract months are listed from December 2008 to December 2012 on a March, June September and December cycle.
Expiry day	<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 LCHC 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 hours to 17:00 hours UK Local Time.
Settlement prices	Trade weighted average during the daily closing period (16:00 – 16:15 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 LCHC 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 LCHC at a Registry and from the Person Holding Account of LCHC 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 LCHC 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	LCHC 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 LCHC.

ICE ECX CFI CER Futures Expiry Schedule

Contract month	Futures expiry day
December 2008	15 December 2008
March 2009	30 March 2009
June 2009	29 June 2009
September 2009	28 September 2009
December 2009	14 December 2009
March 2010	22 March 2010
June 2010	28 June 2010
September 2010	27 September 2010
December 2010	20 December 2010
March 2011	28 March 2011
June 2011	27 June 2011
September 2011	26 September 2011
December 2011	19 December 2011
March 2012	26 March 2012
June 2012	25 June 2012
September 2012	24 September 2012
December 2012	17 December 2012



**SECTION II - CONTRACT RULES: ICE FUTURES ECX CARBON FINANCIAL INSTRUMENTS CER FUTURES
CONTRACT**

- II.1 Contracts for the Transfer of CERs between Holding Accounts
- II.2 Quantity
- II.3 Other Definitions
- II.4 Price
- II.5 CER Transfer Request
- II.6 Delivery under a CER Contract
- II.7 Exclusion of Liability
- II.8 Payment under a CER Contract
- II.9 Seller's Obligations
- II.10 Buyer's Obligations
- II.11 Buyer's and Seller's Security
- II.12 Failure to Perform and/or Delay in Performance of Obligations and Delivery Costs under a CER Contract
- II.13 Arbitration and Dispute Resolution
- II.14 Force Majeure

II.1 CONTRACTS FOR THE TRANSFER OF CERS BETWEEN HOLDING ACCOUNTS

- (a) The ICE Futures ECX Carbon Financial Instruments CER Futures Contract Rules contained in this Section II and the provisions of Sections I and JJ, are applicable to the trading of CER Contracts.
- (b) A CER Contract shall be for the sale by the Seller and purchase by the Buyer of CERs, for transfer from the Holding Account of the Seller to the Holding Account of the Buyer during the Delivery Period specified in the CER Contract in accordance with, or pursuant to, these ICE Futures ECX Carbon Financial Instruments CER Futures Contract Rules, the Administrative Procedures and the Clearing House procedures. For the purposes of these ICE Futures ECX Carbon Financial Instruments CER Futures Contract Rules, Transfer of CERs as between Holding Accounts of the Buyer and the Seller maintained in one or more Registries pursuant to Rule II.6 shall, subject to Rule II 1(d) constitute "delivery".
- (c) The Exchange shall, from time to time, determine the Registries to and from which delivery may be made under a CER Contract. For the avoidance of doubt, the Registries so determined by the Exchange may exclude one or more of the national registries established pursuant to the Kyoto Protocol, the Scheme and the Registry Regulations. The Exchange shall from time to time issue a list of such Registries and may, at any time, upon such notice as considered appropriate by the Exchange and notified to Members, add or withdraw a Registry from such list and any such change may, according to its terms, have effect on existing as well as new CER Contracts.
- (d)
 - (i) The Clearing House shall from time to time determine and notify Members of one Registry and Holding Account which it will use for the delivery of CERs under a CER Contract in accordance with Clearing House procedures, or determine and notify Members of a Non-Eligible Registry and Holding Account which it will use, and the contract month for which it will use such Non-Eligible Registry, for the delivery of CERs under a CER Contract in accordance with Clearing House procedures.
 - (ii) In the event that the Clearing House elects to use a Non-Eligible Registry, delivery may only be made under a CER Contract for that contract month from and to the Holding Accounts within that Non-Eligible Registry. For the avoidance of doubt, only the Transfer of CERs between Holding Accounts of the Buyer and the Seller maintained in such Non-Eligible Registry and pursuant to Rule II.6 shall, constitute "delivery" and any reference to Registry, Initiating Registry or Acquiring Registry in these ICE Futures ECX Carbon Financial Instruments CER Futures Contract Rules and Procedures shall mean the Non-Eligible Registry.
- (e) The Exchange shall from time to time, in its absolute discretion, determine the CER Types for the purposes of identifying the CERs which may be traded and delivered under a CER Contract. The Exchange shall from time to time issue a list of such CER Types and may, at any time, upon such notice as considered appropriate by the Exchange circulated to Members, add or withdraw a CER Type from such list (and any such change may, according to its terms, have effect on existing as well as new CER Contracts).
- (f) The Exchange may offer contract months for trading of CER Contracts on the Market or otherwise pursuant to the Regulations as the Exchange may determine from time to time.

II.2 QUANTITY

- (a) Subject to Rule II.2(b), CER Contracts shall be for one or more lots of CERs to be delivered during the Delivery Period as specified in the CER Contract (it being understood that one lot refers to 1000 CERs).
- (b) The Exchange may, in its absolute discretion, determine from time to time that CER Contracts shall be traded and delivered in a minimum number of lots or multiples thereof.



II.3 OTHER DEFINITIONS

In these ICE Futures ECX Carbon Financial Instruments CER Futures Contract Rules and the related Administrative Procedures set out in Section JJ, the following terms shall bear the meanings set out opposite each:

“Account Holder”	means a person who has a person holding account in the registries system as referenced in the Registry Regulations;
“Acquiring Registry”	means, in relation to a CER Contract, the Registry at which the Holding Account of the Buyer is maintained as specified in the relevant Transfer Request;
“Authorised Representative”	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;
“Buyer”	means the purchaser of CERs under a CER Contract, and shall include the Clearing House as appropriate;
“Clean Development Mechanism” “CDM”	means the mechanism referred to in Article 12 of the Kyoto Protocol;
“CDM Registry”	means the intergovernmental registry established by the CDM Executive Board to hold accounts for CERs;
“Certified Emission Reduction” (“CER”)	means a unit issued by the UN Clean Development Mechanism Executive Board pursuant to Article 12 of the Kyoto Protocol and the decisions adopted pursuant to the UNFCCC or the Kyoto Protocol and is equal to one metric tonne of carbon dioxide equivalent;
“CER Contract”	means a Contract made pursuant to these ICE Futures ECX Carbon Financial Instruments CER Futures Contract Rules for the delivery of CERs;
“CER Delivery Amount”	means for each Margin Account an amount reflecting the gross number of CERs which are to be delivered by a Seller for any Delivery Period in respect of all CER Contracts to which it is party as Seller;
“CER Type”	means any type of CER other than those determined and notified to Members by the Exchange from time to time. For any CER Type, the Exchange may specify such criteria as it deems appropriate, including without limitation the project type, nature and source of an CER, the scheme and/or mechanism pursuant to which such CER has been issued and the originating or issuing registry;
“Clearing House procedures”/ “Procedures”	means the procedures of the Clearing House from time to time in force as prescribed under the General Regulations;
“Clearing House Directions”	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 CERs under a CER Contract;
“Commitment Period Reserve”	means the commitment period reserve that each Annex 1 Party (including EU Member States, other than Cyprus and Malta) is required to maintain in its National Registry in accordance with paragraphs 6 to 10 of Decision 11/CMP.1 of the Meeting of the Parties to the Kyoto Protocol for emissions trading and under Article 17 of the Kyoto Protocol as amended from time to time.
“Community Independent Transaction Log” “CITL”	means the independent transaction log provided for in Article 20(1) of Directive 2003/87/EC, for the purpose of recording the issue, transfer and cancellation of CERs under the Scheme and established, operated and maintained pursuant to Article 5 of the Registry Regulations;

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“Communication Link”	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 International Transaction Log (where applicable), and/or (4) by which a Registry communicates with the UNFCCC International Transaction Log (where applicable), and/or (5) by which the UNFCCC International Transaction Log communicates with the CDM Registry (where applicable), which in any case is necessary to facilitate a Transfer;
“Delivery Costs”	means an amount payable by a Buyer or Seller which is attributable to a Transfer Request Failure referred to the Exchange under Rule II.12(b) or a 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 CERs 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;
“Delivery Period”	means the period beginning at 19.00 hours on the Business Day following the last day of trading of a CER Contract and ending at 19:30 hours on the third Business Day following that last day of trading. Where a Transfer Request Delay occurs, the period shall end at such later time as the Clearing House may direct under Rule JJ.6, which in any event shall not be a time beyond 19.30 hours on the fourth Business Day after the last day of trading. During this period, delivery of CERs is to take place in accordance with the terms of these ICE Futures ECX Carbon Financial Instruments CER Futures Contract Rules, the Administrative Procedures and the Clearing House procedures;
“Directive”	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 96/61EC, as amended from time to time;
“Eligibility Criteria”	means the eligibility criteria set out in Article 17 of the Kyoto Protocol which defines the relevant principles, modalities, rules and guidelines, in particular for verification, reporting and accountability for emissions trading, as applicable to CERs ;
"European Union" “EU”	means the international organisation of European states established by the Treaty on European Union 1992 as amended from time to time;
"Excess Emissions Penalties"	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;
"Exchange Delivery Settlement Price" (EDSP)	means, in respect of a CER Contract, the settlement price determined by the Exchange in accordance with the Administrative Procedures;
“Holding Account”	means a person holding account maintained by a Registry pursuant to the Registry Regulations in order to exclusively record the holding and transfer of CERs;
“Initiating Registry”	means, in relation to a CER Contract, the Registry at which the Holding Account of the Seller is maintained from which the Transfer, subject to Rule III.(d) is to be made, as specified in the relevant Transfer Request;
“Kyoto Protocol”	means the protocol to the UNFCCC adopted at the Third Conference of the Parties to the UNFCCC in Kyoto, Japan on 11 December 1997 as may be amended;

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“Linking Directive”	means EU Directive 2004/101/EC amending the Directive;
“Margin Account”	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;
“Non-Eligible Registry”	<p>means any registry in an EU Member State which has not met the Eligibility Criteria prior to the last day of trading of the relevant contract month but which has implemented the Linking Directive in a manner that authorises private persons to hold CERs and has Person Holding Accounts established in order to ensure the accurate accounting of the issue of holding, transfer, acquisition, surrender, cancellation, and replacement of CERs under the Scheme, and which has been identified by the Clearing House as the Non-Eligible Registry which it will use for that contract month for the delivery of CERs under a CER Contract in accordance with Clearing House procedures.</p> <p>In the event that the Clearing House identifies a Non-Eligible Registry which it will use for a contract month notified by the Clearing House, having made such indication, any reference to a Registry, Initiating Registry, or Acquiring Registry in these ICE Futures ECX Carbon Financial Instruments CER Futures Contract Rules and Procedures shall mean the identified Non-Eligible Registry.</p>
“Position-Keeping Account”	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;
“Random Selection Mechanism”	means the automated mechanism used by the Clearing House to create a list setting out, in random order, all the Buyers for a Delivery Period for the purpose of providing the order in which the Clearing House shall transfer CERs to the Holding Accounts of such Buyers upon the credit of the Clearing House’s nominated Holding Account with the CERs from the Sellers’ Holding Accounts in the relevant Delivery Period. The list so provided may also be used to identify one or more Buyers in the event of a failed or delayed delivery by the Clearing House pursuant to Rule II.12;
“Registry”	means any registry in an EU Member State meeting the Eligibility Criteria and which has implemented the Linking Directive in a manner that authorises private persons to hold CERs and has Person Holding Accounts established in order to ensure the accurate accounting of the issue of holding, transfer, acquisition, surrender, cancellation, and replacement of CERs under the Scheme, and which has been identified as a Registry by the Exchange from time to time for the purposes of these ICE Futures ECX Carbon Financial Instruments CER Futures Contract Rule, provided however that, where the Clearing House identifies a Non-Eligible Registry which it will use for a contract month, any reference to a Registry in these ICE Futures ECX Carbon Financial Instruments CER Futures Contract Rules and Procedures shall mean the identified Non-Eligible Registry;
“Registry Regulations”	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 including by EU Commission Regulation (EC) No.916/2007;
“Required	means all governmental and other licences, authorisations, permits, consents,

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Authorisations”	contracts and other approvals (if any) that are required to enable a Seller and/or a Buyer (as appropriate) to fulfil any of its obligations under a CER Contract;
"Relevant Authority"	means any body or authority established in any relevant jurisdiction from time to time to administer the Scheme in that jurisdiction;
“Scheme”	means the scheme for transferring allowances (including CERs) established pursuant to the Directive, as implemented by relevant national law;
"Seller"	means the seller of CERs under a CER Contract, and shall include the Clearing House as appropriate;
“Transfer”	means the transfer of all CERs required to be delivered under a CER Contract from one Holding Account to another under and in accordance with the Scheme;
“CER Transfer Request” (“Transfer Request”)	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 these ICE Futures ECX Carbon Financial Instruments CER Futures Contract Rules, the Administrative Procedures and the Clearing House procedures;
a “Transfer Request Delay”	<p>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 on the first Business Day after the last day of trading or such later time as the Clearing House may provide pursuant to Rule JJ6(c), but before 19.00 hours on the second Business Day after the last day of trading, 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 day of trading and on or before 19.30 hours on the fourth Business Day after the last day of trading in compliance with a Clearing House Direction or otherwise; and,</p> <p>c) the Clearing House has declared that there is a Transfer Request Delay in accordance with Rule JJ.6(c) or JJ.7(c);</p> <p>provided in each case, that a Transfer Request Delay will cease to exist where a Transfer Request Failure takes place;</p>
a “Transfer Request Failure”	<p>is deemed to have taken place where:</p> <p>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 on the second Business Day after the last day of trading; or</p> <p>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 day of trading; or</p> <p>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 on the fourth Business Day after the last day of trading; or</p> <p>d) the Clearing House has declared that there is a Transfer Request Failure in accordance with Rule JJ.6(d) or JJ.7(c);</p>
“UNFCCC”	means the United Nations Framework Convention on Climate Change;
“UNFCCC International Transaction Log” or “ITL”	means the international transaction log established, operated and maintained by the Secretariat of the United Nations Framework Convention on Climate Change;



II.4 PRICE

- (a) The price of a CER Contract shall be in Euros and Euro cents per CER. CER Contracts may be traded with minimum fluctuations of €0.01 (1 cent) per CER.
- (b) The price of a CER Contract shall be exclusive of any charges payable by either the Buyer or the Seller to any third party in respect of the maintenance of Holding Accounts, submission of Transfer Requests or effecting Transfers.
- (c) The price of a CER Contract shall be exclusive of any Value Added Tax or any other duty that may be or become payable on the sale or transfer of CERs under a CER Contract and any such duties shall be borne by the Buyer.

II.5 CER TRANSFER REQUEST

For any Delivery Period in relation to which a Member is party as Seller to one or more relevant CER Contracts, the Seller shall submit, for each Margin Account, one Transfer Request in respect of the CER Delivery Amount for that Margin Account in accordance with:

- (a) Rule II.6;
- (b) Rule JJ.6, (or where the Seller is the Clearing House, in accordance with Rule JJ.7); and,
- (c) the Registry Regulations, the Clearing House procedures and any Clearing House Directions.

II.6 DELIVERY UNDER A CER CONTRACT

For a Delivery Period:

- (a) In respect of a CER Contract to which the Clearing House is party as the Buyer, delivery shall be effected upon the completion of the Transfer and confirmation by the Acquiring Registry of the credit to the Clearing House's nominated Holding Account of CERs in accordance with Registry Regulations and with Rule JJ.6 as appropriate. The Seller shall effect the Transfer by submitting a Transfer Request in accordance with these ICE Futures ECX Carbon Financial Instruments CER Futures Contract Rules, and in particular Rule JJ.6, stipulating the receiving account as the Clearing House's Holding Account in the Registry nominated by the Clearing House as the Acquiring Registry for that Transfer.
- (b) In respect of a CER Contract to which the Clearing House is party as the Seller, delivery shall be effected upon the completion of the Transfer and confirmation by the Acquiring Registry of the credit to the Buyer's nominated Holding Account of CERs in accordance with Registry Regulations and Rule JJ.7 (a), (b) and, as appropriate, (c). The Clearing House shall effect the Transfer by submitting a Transfer Request in accordance with these ICE Futures ECX Carbon Financial Instruments CER Futures Contract Rules, and in particular Rule JJ.7, stipulating the receiving account as the Buyer's Holding Account in the Registry nominated by the Buyer as the Acquiring Registry for that Transfer.
- (c) If at any time during the Delivery Period the Exchange or the Clearing House becomes aware that a CER which is not a CER Type ("Non-valid CER") is, or has been, the subject of a Transfer Request, the Clearing House and affected parties may take such steps to rectify the situation in compliance with any Clearing House Directions provided that delivery still occurs in accordance with the terms and deadlines of these ICE Futures ECX Carbon Financial Instruments CER Futures Contract Rules, the Administrative Procedures and the Clearing House procedures. In the event that delivery cannot occur in accordance with the terms and deadlines of these ICE Futures ECX Carbon Financial Instruments CER Futures Contract Rules, the Administrative Procedures and the Clearing House procedures due to the Transfer Request being in respect of a Non-valid CER, the Clearing House shall declare that there is a Transfer Request Failure and Rule II.12 shall apply.
- (d) If at any time after the Delivery Period, the Exchange or the Clearing House becomes aware that a CER which is not a CER Type ("Non-valid CER") has been the subject of a Transfer Request

and has been delivered, the Exchange or the Clearing House shall notify the affected parties (and the Exchange if not previously aware) and, pursuant to Rule II.13, such matter shall be determined in accordance with the arbitration provisions in the Rules.

- (e) If at any time during the Delivery Period the Exchange or the Clearing House becomes aware of the refusal or rejection by a Registry, the Registry administrator, the CITL or the UNFCCC International Transaction Log of a Transfer Request because the Transfer Request would cause the relevant Registry to breach its Commitment Period Reserve, the Clearing House and affected parties may take such steps to rectify the situation in compliance with any Clearing House Directions provided that such steps ensure that delivery still occurs in accordance with the terms and deadlines of these ICE Futures ECX Carbon Financial Instruments CER Futures Contract Rules, the Administrative Procedures and the Clearing House procedures. In the event that appropriate steps cannot be taken and delivery can not therefore occur in accordance with the terms and deadlines of: these ICE Futures ECX Carbon Financial Instruments CER Futures Contract Rules; the Administrative Procedures; and the Clearing House procedures, because the Transfer Request would cause the Registry to breach its Commitment Period Reserve, the Clearing House shall declare that there is a Transfer Request Failure and Rule II.12 shall apply.

II.7 EXCLUSION OF LIABILITY

- (a) Save as specifically provided in these ICE Futures ECX Carbon Financial Instruments CER Futures Contract Rules, the Administrative Procedures, the Clearing House procedures, the Rules and the General Regulations (and to the extent permitted by law), the Exchange and the Clearing House accept no liability in connection with a CER Contract, its performance, non-performance or its termination whether based on breach of contract, warranty, negligence or tort. In particular, but without limitation, neither the Exchange nor the Clearing House are responsible for or shall have any liability whatsoever to any Buyer or Seller for:
 - (i) the availability, suitability, unavailability or malfunction of a Communication Link or any part thereof;
 - (ii) the performance or non-performance by a Registry or CITL or UNFCCC International Transaction Log of their respective obligations under the Registry Regulations or otherwise;
 - (iii) any act or omission of any operator of a Communication Link or any part thereof; or
 - (iv) any act or omission of an Authorised Representative of any other party.
- (b) A person who is not the Buyer, Seller, the Exchange or the Clearing House shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any provision contained in a CER Contract made pursuant to these ICE Futures ECX Carbon Financial Instruments CER Futures Contract Rules.

II.8 PAYMENT UNDER A CER CONTRACT

- (a) Subject to delivery under JJ.6 and without prejudice to paragraph (b) of this Rule JJ.8, the Buyer shall pay the EDSP specified in the CER Contract. Payment will be made by the time referred to in and in accordance with Rule JJ.9.
- (b) Any difference between the EDSP with respect to the CER Contract and the Contract Price shall be accounted for between the parties to the CER Contract in accordance with the Clearing House procedures.

II.9 SELLER'S OBLIGATIONS

- (a) In respect of a CER Contract to which the Clearing House is party as the Buyer, the Seller shall:



- (i) ensure that there are sufficient transferable CERs of the CER Type which may, pursuant to Rule II.1(e), be traded and delivered under a CER Contract in the Holding Account from which a Transfer is to be made to meet the terms of the relevant Transfer Request at the time the Seller submits such Transfer Request;
- (ii) ensure that the CERs delivered to the Holding Account of the Clearing House are CERs of a CER Type which may, pursuant to Rule II.1(e), be traded and delivered under a CER Contract;
- (iii) deliver to the Holding Account of the Clearing House CERs free and clear of all liens, security interests, claims and encumbrances or any interest in or to them by any other person so as to transfer unencumbered CERs to the Clearing House;
- (iv) conduct its affairs so as not to give any Registry or any Relevant Authority cause to refuse, reject or cancel (whether in whole or in part) any Transfer Request or to suspend or restrict the Seller's right to request or effect any Transfer (including, without limitation, suspension or cancellation of any relevant Holding Account);
- (v) ensure that it has and maintains such Communication Links and complies with such other conditions and requirements as are necessary to make Transfer Requests and effect Transfers in accordance with the Scheme and these ICE Futures ECX Carbon Financial Instruments CER Futures Contract Rules, Administrative Procedures and Clearing House procedures;
- (vi) maintain in full force and effect all Required Authorisations at all appropriate times;
- (vii) have and maintain, during such periods as determined by the Exchange from time to time and at its own cost, one Holding Account for each Margin Account at a Registry exclusively for the transfer of CERs ;
- (viii) ensure that the Authorised Representative notified to the Clearing House pursuant to Rule JJ.4.(b)(iii) shall be contactable by the Clearing House at all appropriate times during the Delivery Period;
- (ix) give the Clearing House, for the purposes of delivery under Rule II.6, any details required by the Clearing House as specified in the Administrative Procedures, the Clearing House procedures or under any Clearing House Direction from time to time;
- (x) comply with the applicable provisions of the Registry Regulations, these ICE Futures ECX Carbon Financial Instruments Futures Contract Rules, the Administrative Procedures, the Clearing House procedures and any Clearing House Direction in order that the Transfer Request is accepted by the Registry and actioned by the CITL and or the UNFCCC International Transaction Log if appropriate and the Holding Account is subsequently debited during the Delivery Period;
- (xi) notify the Clearing House immediately, in accordance with the Clearing House procedures, if the Seller fails to comply, or may fail to comply, in respect of any delivery obligations or deadlines under these ICE Futures ECX Carbon Financial Instruments CER Futures Contract Rules, the Administrative Procedures, the General Regulations, the Clearing House procedures, or any Clearing House Direction;
- (xii) make payment of any amounts due and payable pursuant to and in accordance with these ICE Futures ECX Carbon Financial Instruments CER Futures Contract Rules, the Administrative Procedures, the General Regulations or the Clearing House procedures;
- (xiii) perform all other obligations imposed on the Seller under these ICE Futures ECX Carbon Financial Instruments CER Futures Contract Rules, the Administrative Procedures and the Clearing House procedures; and
- (xiv) be and continue to be a Clearing Member as defined in the General Regulations.

- (b) The Seller shall be responsible for the performance of all of its obligations under the CER Contract, and shall perform such obligations in a timely manner. The Seller shall be responsible for all actions and omissions of an Authorised Representative acting or purporting to act on its behalf in relation to any CER Contract or any related obligations.
- (c) Subject to Rule II.12, any obligation upon the Seller to pay any costs, charges or expenses of any form shall be for its own account and shall include, but not be limited to, all fees and charges levied by the Initiating Registry attributable to the Transfer Request or the holding of its Holding Account in respect of a CER Contract to which the Seller is party.
- (d) In the event that a Buyer is invoiced, or otherwise charged, in respect of a levy, charge or tax attaching to a CER which has been delivered under the terms of a CER Contract which arose, or arises in relation to the relevant CER prior to, or in connection with, its delivery, then the Seller shall indemnify the Buyer in respect of such levy, charge or tax. In the event that the Buyer being invoiced, or otherwise charged in such circumstances is the Clearing House, then the Clearing House will require the Seller who has delivered the relevant CER to the Clearing House under the terms of a CER Contract, to settle the relevant invoice or charge.

II.10 BUYER'S OBLIGATIONS

- (a) In respect of a CER Contract to which the Clearing House is party as the Seller, the Buyer shall:
 - (i) conduct its affairs so as not to give any Registry or any Relevant Authority cause to refuse, reject or cancel (whether in whole or in part) any Transfer Request or to suspend or restrict the Buyer's ability to receive any Transfer (including, without limitation, suspension or cancellation of any relevant Holding Account);
 - (ii) maintain in full force and effect all Required Authorisations at all appropriate times;
 - (iii) ensure that it has and maintains such Communication Links and complies with such other conditions and requirements as are necessary to effect Transfers in accordance with the Scheme and these ICE Futures ECX Carbon Financial Instruments CER Futures Contract Rules, Administrative Procedures and Clearing House procedures;
 - (iv) have and maintain during such periods as determined by the Exchange from time to time and at its own cost, one Holding Account at a Registry for each Margin Account exclusively for the transfer of CERs;
 - (v) ensure that the Authorised Representative notified to the Clearing House pursuant to Rule JJ.5(b)(iii) shall be contactable by the Clearing House at all appropriate times during the Delivery Period;
 - (vi) give the Clearing House details of the Holding Account for the purposes of delivery under Rule II.6 and in accordance with the Administrative Procedures and any other details required by the Clearing House as specified in the Administrative Procedures or the Clearing House procedures from time to time;
 - (vii) comply with the applicable provisions of the Registry Regulations, these ICE Futures ECX Carbon Financial Instruments CER Futures Contract Rules, the Administrative Procedures, the Clearing House procedures and any Clearing House Direction in order that the Transfer Request input by the Clearing House is accepted by the Initiating Registry, actioned by the CITL and/or the UNFCCC International Transaction Log if appropriate and the Holding Account of the Buyer updated by the Acquiring Registry for a Delivery Period;
 - (viii) notify the Clearing House immediately, in accordance with the Clearing House procedures, if the Buyer fails to comply, or may fail to comply, in respect of any delivery obligations or deadlines under these ICE Futures ECX Carbon Financial Instruments CER Futures



Contract Rules, the Administrative Procedures, the General Regulations, the Clearing House procedures or any Clearing House Direction;

- (ix) make payment of any amounts due and payable pursuant to and in accordance with these ICE Futures ECX Carbon Financial Instruments CER Futures Contract Rules, the Administrative Procedures, the General Regulations or the Clearing House procedures;
 - (x) perform all other obligations imposed on the Buyer under these ICE Futures ECX Carbon Financial Instruments CER Futures Contract Rules, the Administrative Procedures and the Clearing House procedures; and
 - (xi) be and continue to be a Clearing Member as defined in the General Regulations;
 - (xii) advise the Clearing House within a reasonable time if the CERs delivered to its Holding Account are CERs of a CER Type which may not, pursuant to Rule II.1(e), be traded and delivered under a CER Contract.
- (b) The Buyer shall be responsible for the performance of all of its obligations under the CER Contract, and shall perform such obligations in a timely manner. The Buyer shall be responsible for all actions and omissions of an Authorised Representative acting or purporting to act on its behalf in relation to any CER Contract or any related obligations.
- (c) Subject to Rule II.12, any obligation upon the Buyer to pay costs, charges or expenses of any form shall be for its own account and shall include, but not be limited to, all fees and charges levied by the Acquiring Registry attributable to the Transfer Request and its Holding Account in respect of a CER Contract to which the Buyer is party.

II.11 BUYER'S AND SELLER'S SECURITY

The Buyer and the Seller may be required to put up such security as the Clearing House may from time to time require pursuant to the General Regulations.

II.12 FAILURE TO PERFORM AND/OR DELAY IN PERFORMANCE OF OBLIGATIONS AND DELIVERY COSTS UNDER A CER CONTRACT

Agreement to deliver CERs on terms other than those specified in the Contract Rules and Administrative Procedures

- (a) On the occurrence of a Transfer Request Failure in accordance with Rules II.6(c), II.6(e), JJ.6(d) or JJ.7(c), a Seller may agree with the Clearing House to make delivery of CERs to the Clearing House, or a Buyer may agree with the Clearing House to take delivery from the Clearing House of CERs in a manner or on terms other than those specified in the Contract Rules and Administrative Procedures.
 - (i) In the event of an agreement between the Seller and the Clearing House or the Buyer and the Clearing House under the terms of Rule II.12(a), the Seller or the Buyer (as the case may be) shall immediately give written notice of the fact of such agreement to the Exchange. In the event of no agreement being reached upon the occurrence of a Transfer Request Failure in accordance with Rules JJ.6(d) or JJ.7(c), the Clearing House shall refer the fact of the Transfer Request Failure to the Exchange in accordance with Rule II.12(b).
 - (ii) On agreement between the Seller and the Clearing House or the Buyer and the Clearing House under the terms of Rule II.12(a), the Clearing House shall liquidate its Contract with the Seller or the Buyer (as the case may be) at the Exchange Delivery Settlement Price and cease, in respect of any arrangement made by the Clearing House and the Seller or Buyer (as the case may be) under this Rule II.12(a), to owe any obligation towards the Seller or Buyer (as the case may be), under this CER Contract. The relevant Seller or the Buyer, (as the case may be), shall cease in respect of any such arrangement made by the Clearing

House and the Seller or Buyer (as the case may be) under this Rule II.12(a), to owe any obligation towards the Clearing House, under this CER Contract. For the avoidance of doubt, this shall be without prejudice to any obligations owed by the Buyer or Seller under the General Regulations and default rules of the Clearing House.

- (b) Where an agreement is not reached pursuant to Rule II.12(a), the Clearing House shall refer the relevant Transfer Request Failure to the Exchange by the close of business on the Business Day following the day of the Transfer Request Failure and the Exchange or a body appointed by the Exchange:
- (i) shall direct the Clearing House to invoice back the affected Contracts at a price set by the Exchange at its discretion, or the body appointed by the Exchange at its discretion, taking into account any information it considers to be relevant for this purpose; and
 - (ii) shall notify the Clearing House and the Seller or the Buyer (as the case may be) of the price set to invoice back the affected Contracts.

No price set by the Exchange, or a body appointed by the Exchange, to invoice back the affected Contracts shall be referred to arbitration under the Arbitration Rules but this Rule II.12 (a)(iii) shall be without prejudice to the right of the Member to refer any other matter to arbitration under the Arbitration Rules.

Delivery Costs

- (c)
- (i) If, in respect of a CER Contract, there is a Transfer Request Failure which is referred to the Exchange under Rule II.12(b) and/or Transfer Request Delay for a Delivery Period as a result of any failure or any delay on the part of the Seller (including the Clearing House) to comply with the applicable obligations under such CER Contract, then the Seller (including the Clearing House) shall indemnify the Buyer in respect of any Delivery Costs attributable to that Transfer Request Failure and/or Transfer Request Delay;
 - (ii) If, in respect of a CER Contract there is a Transfer Request Failure which is referred to the Exchange under Rule II.12(b) and/or a Transfer Request Delay for a Delivery Period as a result of any failure or delay on the part of the Buyer (including the Clearing House) to comply with the applicable obligations under a CER Contract, then the Buyer (including the Clearing House) shall indemnify the Seller in respect of any Delivery Costs attributable to that Transfer Request Failure and/or Transfer Request Delay;
 - (iii) For the purposes of calculating either the Seller's, or the Buyer's Delivery Costs, the relevant consequences of the Transfer Request Failure shall be considered in isolation from other Transfer Requests not made under a CER Contract in respect of the Buyer's or Seller's Holding Accounts;
 - (iv) Without prejudice to (i) or (ii) above, the Seller or the Buyer respectively shall indemnify the Clearing House against all costs reasonably incurred by the Clearing House in taking steps to mitigate the losses, charges, expenses or penalties which would otherwise be incurred as a result of the Seller's or the Buyer's (as the case may be) failure to comply with its obligations under a CER Contract;
 - (v) Where the level of Delivery Costs attributable to a Transfer Request Failure which is referred to the Exchange under Rule II.12(b), cannot be agreed between the Clearing House and a Buyer/Seller within seven Business Days of the day on which trading ceases for the relevant contract month, the matter shall be referred to the Exchange, or a body appointed by the Exchange which shall, in its absolute discretion, determine the Delivery Costs and notify the Clearing House and the Buyer/Seller of such Delivery Costs. In the event that either party disputes the Delivery Costs so determined, the party may, within three Business Days of notification of the Delivery Costs by the Exchange, request in writing to the Exchange that the Delivery Costs be reviewed by the Exchange's Authorisation, Rules and



Conduct Committee. The decision of this Committee shall be final and binding and no further review shall be permitted.

- (d) The Exchange and/or the Clearing House shall, under no circumstances, be liable for any indirect or consequential loss or loss of profits.
- (e) The Buyer and the Seller acknowledge that the right to be indemnified under this Rule II.12 shall be their sole remedy in respect of any failure by any other party to comply with its obligations in respect of a CER Contract. For the avoidance of doubt this shall be without prejudice to any obligations owed by the Buyer or Seller under the General Regulations and default rules of the Clearing House.
- (f) The Clearing House may take such steps in accordance with the terms of this II.12, without prejudice to the provisions of these ICE Futures ECX Carbon Financial Instruments CER Futures Contract Rules and any other steps or sanctions which may be taken or applied under the Regulations (including, without limitation, the provisions of Sections D and E of the Regulations), or the General Regulations and default rules of the Clearing House.
- (g) The Clearing House may, by Clearing House Directions, instruct a Buyer or Seller that partial settlement is to take place under a CER Contract to which they are party, in which case the provisions of this Rule II.12 as to Transfer Request Failures or Transfer Request Delays may apply to only part of such CER Contract where relevant.

II.13 ARBITRATION AND DISPUTE RESOLUTION

The Buyer and the Seller acknowledge that, subject to the relevant provisions in Rule II.12, any disputes relating to the CER Contract shall be determined in accordance with the arbitration provisions in the Rules.

II.14 FORCE MAJEURE

- (a) (i) If, before the first and any subsequent Delivery Period, the UNFCCC International Transition Log is, as a result of official written public pronouncement by any duly authorised body representing the United Nations and/or the European Union, no longer scheduled to proceed or is to be discontinued or is significantly amended in a manner which prevents the performance of delivery and Transfer obligations in accordance with the ICE Futures ECX Carbon Financial Instruments CER Futures Contract Rules and Procedures, the Clearing House shall invoice back any open contract in accordance with the Clearing House procedures, at a price to be fixed by the Exchange or a body appointed by the Exchange, in its absolute discretion. Such price shall be binding on the parties and no dispute as to such price may be referred to arbitration under the Arbitration Rules. In such case neither the Buyer, the Clearing House, nor the Seller shall have any further delivery, Transfer or payment obligations under or in respect of the ICE Futures ECX Carbon Financial Instruments CER Futures Contract the subject of the open contract(s).
 - (ii) If, before the first and any subsequent Delivery Period, the implementation of the UNFCCC Independent Transition Log is, as a result of official written public pronouncement by any duly authorised body representing the European Union, delayed to the extent that the delay prevents the performance of delivery and Transfer obligations in accordance with the ICE Futures ECX Carbon Financial Instruments CER Futures Contract Rules and Procedures, the Exchange shall, at the close of business of the relevant contract month on the last day of trading for that contract month, transfer the open positions in the relevant contract month to the next forward contract month at a price and by such means to be fixed by the Exchange, in their absolute discretion.
- (b) Subject to Rule II.14(e), a Seller who is party to a CER Contract shall not be liable in respect of any failure on its part to submit a Transfer Request in relation to any CER Contract, any rejection/non acceptance of a Transfer Request or subsequent failure in the credit of CERs to the Buyer's Holding Account, nor shall a Buyer be liable in respect of any failure on its part to ensure the credit to its Holding Account of all CERs under a CER Contract if performance of such obligations is prevented

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- by Force Majeure. In such case neither party shall be held to be in default under the CER Contract and no payment shall be made under Rules II.8 or II.12.
- (c) Force Majeure shall, in relation to the Buyer or the Seller as the case may be, mean the occurrence of any event (except as provided otherwise in Rule II.14(e)) which is outside the reasonable control of such party, and which prevents the debiting and crediting of the Buyer's or Seller's Holding Accounts at the respective Initiating and Acquiring Registries so that a Transfer cannot be effected during the Delivery Period or results in an amount other than the CER Delivery Amount being credited and debited. Without limitation to the foregoing, an event of Force Majeure shall include:
- (i) the provisions of the Kyoto Protocol and/or Scheme being suspended;
 - (ii) a public statement by an appropriate authority, or by the Registry nominated by the Clearing House as its Initiating and Acquiring Registry for a Delivery Period, of an occurrence of an event outside the reasonable control of the Registry so as to prevent a Transfer taking place during that Delivery Period, and which is endorsed by the Exchange as a declaration of Force Majeure in respect of such Registry;
 - (iii) subject to Rule II.14(e)(iv), 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;
 - (iv) for the relevant Delivery Period, the inability to make or accept a Transfer due to an interruption in, delay to or permanent halting of a Transfer resulting from the intervention of the CITL or UNFCCC International Transaction Log in relation to a Registry nominated by the Clearing House as its Initiating and Acquiring Registry.
- (d) Where a Force Majeure event has arisen in relation to one or more CER Contracts to which the Clearing House is party as Buyer which prevents the Transfer of CERs or performance of other obligations, the Clearing House shall use the Random Selection Mechanism to identify and subsequently notify the relevant Buyers to which the Clearing House is party as Seller, that the Clearing House has declared a Force Majeure event in relation to such CER Contracts in accordance with these CE Futures ECX Carbon Financial Instruments Futures Contract Rules, and/or the Regulations and/or the General Regulations and/or the Clearing House procedures.
- (e) Subject to Rule II.14(a) and Rule II.14(c), the occurrence of the following events shall not give rise to Force Majeure:
- (i) the refusal or rejection by a Registry, the CITL or the UNFCCC International Transaction Log for whatever reason, of a Transfer Request submitted by the Seller. For the avoidance of doubt, this shall include the refusal or rejection by a Registry, the Registry administrator, the CITL or the UNFCCC International Transaction Log, as applicable, of a Transfer Request where the Transfer Request would cause the Registry to breach its Commitment Period Reserve
 - (ii) 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;
 - (iii) the failure of a Communication Link;
 - (iv) 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;



- (v) an insufficient amount of (or in the event that there are no) CERs in the Seller's Holding Account to enable the Seller to effect the Transfer, whether caused by non-allocation or low allocation of CERs or for any other reason;
 - (vi) 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, delay to or permanent halting of a Transfer resulting from the intervention of the CITL or the UNFCCC International Transaction Log.
- (f) A Seller or a Buyer (other than the Clearing House) who is party to a CER Contract shall not be entitled to relief through the occurrence of an event of Force Majeure under this Rule II.14 unless such party has notified the Clearing House and the Exchange, or in the case of the Clearing House, the Clearing House shall not be entitled to relief through the occurrence of an event of Force Majeure under this Rule II.14 unless the Clearing House has notified the other party and the Exchange, as soon as reasonably practicable after such party or the Clearing House, as the case may be, has become aware (or after it ought reasonably to have become aware) of such Force Majeure event and has continued to seek to perform its obligations in accordance with the CER Contract (in which event it shall be entitled to such relief with effect from the commencement of such Force Majeure event).
- (g) Upon request by the Clearing House and/or the Exchange, a party seeking Force Majeure relief under this Rule II.14 shall provide all information required by the Clearing House and/or the Exchange as soon as practicable to assist the Exchange in determining whether an event of Force Majeure has occurred. Whether an event of Force Majeure has occurred shall be determined by the Exchange. Where the Clearing House is not the party seeking relief through the occurrence of an event of Force Majeure, the Exchange shall consult a representative of the Clearing House in its determination.
- (h) If Force Majeure prevents the affected party from performing its obligations under a CER Contract, the CER Contract shall be invoiced back by the Clearing House, in accordance with the Clearing House procedures, at a price to be fixed by the Exchange, or a body appointed by the Exchange, in their absolute discretion. 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 the Force Majeure or any default or related dispute to arbitration under the Arbitration Rules.

SECTION JJ - PROCEDURES:

ICE FUTURES ECX CARBON FINANCIAL INSTRUMENTS CER FUTURES CONTRACT

- JJ.1 Determination of the Exchange Delivery Settlement Price (EDSP)
- JJ.2 Cessation of Trading
- JJ.3 CER Position Report
- JJ.4 Seller's CER Delivery Confirmations
- JJ.5 Buyer's CER Delivery Confirmations
- JJ.6 Submission of Transfer Request by the Seller
- JJ.7 Submission of Transfer Request by the Clearing House
- JJ.8 Registry Regulations and Obligations
- JJ.9 Payment

JJ.1 DETERMINATION OF THE Exchange delivery settlement price (eDSP)

- (a) Subject to Rule JJ.1(b), the EDSP which is determined by the Exchange in respect of a CER Contract shall be the settlement price established by the Exchange at the end of the closing period on the last day of trading for the relevant delivery month.
- (b) Notwithstanding Rule JJ.1(a), the Exchange may, in its absolute discretion, determine in respect of the CER Contract, at any time prior to the Delivery Period, a price other than that specified in Rule JJ.1(a) as the EDSP.

JJ.2 CESSATION OF TRADING

- (a) Subject to Rule JJ.2(b) trading in respect of a delivery month shall normally cease at 17.00 hours on the last day of trading for the relevant delivery month, being the last Monday of the delivery 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, the last day of trading 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 day of trading 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.
- (b) If at any time dealings on the Market in the CER Contract are suspended on any Business 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 Rule JJ.2(a) above accordingly.

JJ.3 CER POSITION REPORT

- (a) Members must submit a CER Position Report ("CERPR") to the Exchange by 10.30 hours each day in respect of each client with an open position in the nearest delivery month and/or any delivery month(s) as may be determined by the Exchange from time to time. Members must also include in the CERPR all open positions reflecting any proprietary business, or business of any non-clearing Member on whose behalf the Member clears, held in the nearest delivery month.

The CERPR shall be in such form as may be determined by the Exchange from time to time. It shall include administrative and contact details and the number of lots open in each Position-Keeping Account and, for any non-clearing Member on whose behalf the Member clears, the relevant Margin Account under which the positions for that non-clearing Member are margined.

- (b) During such periods of time and for such delivery months as may be determined by the Exchange from time to time, the CERPR shall indicate pursuant to the CER Contract Rules, these Administrative Procedures, and the Clearing House procedures, whether the Member has a Holding Account for each Margin Account at a Registry to and from which the Exchange may from time to time determine that delivery may be made.

Where the Clearing House has identified that it will use a Non-Eligible Registry for the delivery of a contract month, the CERPR submitted by the Member must indicate, pursuant to the CER Contract Rules, these Administrative Procedures, and the Clearing House procedures, whether the Member has a Holding Account for each Margin Account at the Non-Eligible Registry within which delivery is to be made.

Such CERPR must, during the period of time referred to in this Rule JJ.3(b), be submitted by the Member to both the Clearing House and the Exchange by the time referred to in Rule JJ.3(a).

JJ.4 SELLER'S CER DELIVERY CONFIRMATIONS

- (a) In respect of all positions in any Position-Keeping Account which remain open at 17.00 hours on the last day of trading and on which position maintenance is to be performed by 18.00 hours on that day, the Seller shall, in accordance with this Rule JJ.4, deliver a Seller's CER Delivery Confirmation Form to the Clearing House not later than 10.00 hours on the Business Day following the last day of trading.
- (b) The CER Delivery Confirmation Form shall be in such form as may from time to time be prescribed by the Clearing House and shall include:
 - (i) for each Margin Account: (1) the number of lots; and (2) the equivalent number of CERs that are to be specified in the Transfer Request relating to such Margin Account which shall form the CER Delivery Amount of the Transfer Request in respect of a Margin Account;
 - (ii) for each Transfer Request, details of the Holding Account and Initiating Registry from which the Transfer will be made;
 - (iii) for each Holding Account specified, name and contact details of the Authorised Representative;
 - (iv) confirmation that the Member will continue to have the relevant Holding Accounts during the Delivery Period at each of the Initiating Registries listed in (ii) and is not for any reason prevented from having Transfer Requests accepted or not actioned; and
 - (v) such other details as are required by the Exchange, the Clearing House and the Registry from time to time in accordance with their respective Regulations, Rules and procedures.

JJ.5 BUYER'S CER DELIVERY CONFIRMATIONS

- (a) In respect of each position remaining open at 17:00 hours on the last day of trading and on which position maintenance is to be performed by 18:00 hours on that day, the Buyer shall, in accordance with this Rule JJ.5, deliver a CER Delivery Confirmation Form to the Clearing House not later than 10.00 hours on the Business Day following the last day of trading.
- (b) The CER Delivery Confirmation Form shall be in such form as may from time to time be prescribed by the Clearing House and shall include:
 - (i) for each Margin Account: (1) the number of lots; and (2) the equivalent number of CERs that are to be specified in the Transfer Request relating to such Margin Account, which shall form the CER Delivery Amount of the Transfer Request in respect of a Margin Account;
 - (ii) for each Transfer Request, details of the Holding Account and Acquiring Registry to which the Transfer will be made;
 - (iii) for each Holding Account specified, the name and contact details of the Authorised Representative;
 - (iv) confirmation that the Member will continue to have the relevant Holding Accounts during the Delivery Period at each of the Acquiring Registries listed pursuant to (ii) and is not for any reason prevented from having the Holding Accounts updated as a result of Transfer Requests; and
 - (v) such other details as are required by the Exchange, the Clearing House and the Registry from time to time in accordance with their respective Regulations, Rules and procedures.

JJ.6 SUBMISSION OF TRANSFER REQUESTS BY THE SELLER

- (a) The Seller, except where the Seller is the Clearing House, shall ensure that by 19.00 hours on the Business Day following the last day of trading those Transfer Requests (details of which are referred to in the Seller's CER Delivery Confirmation Form) have been made through the Communication

Link to the relevant Registries or by such other means as the relevant Registry may direct from time to time. The Transfer Requests shall, in respect of the Delivery Period, specify all the details required under and pursuant to the Registry Regulations and such other information as the Clearing House or the Registry may direct from time to time as a pre-requisite for the Transfer Request to be accepted.

Where the Seller (except where the Seller is the Clearing House) holds one or more CER Contracts in one or more Position-Keeping Accounts with the same Delivery Period, the Seller shall calculate a separate CER Delivery Amount in respect of each relevant Margin Account and accordingly submit separate Transfer Requests in relation to each of the relevant Margin Accounts, but otherwise in accordance with Rule II.5 and this Rule JJ.6.

- (b) Where a Transfer Request has been submitted in accordance with this Rule JJ.6, the Seller shall ensure that the Transfer Request is not amended, withdrawn or replaced without the prior consent of the Clearing House.
- (c) Where a Transfer Request has been submitted in accordance with Rule JJ.6(a) and (b) the Clearing House and the Seller shall promptly, and no later than 19.00 hours on the second Business Day after the last day of trading, check the appropriate reports within the relevant Registry. If either the Seller or the Clearing House considers that the details of the Transfer contained in the Registry report are incorrect, or missing or a Transfer of a CER which is of a CER Type which may not, pursuant to Rule II.1(e), be traded and delivered under a CER Contract has occurred, it shall immediately inform the other. The Clearing House may take, or require the Seller to take, such steps as appropriate to rectify the situation in compliance with any Clearing House Directions.

Where a Transfer Request has been submitted after 19.00 hours on the first Business Day following the last day of trading, but before 19.00 hours on the second Business Day after the last day of trading, in compliance with a Clearing House Direction or otherwise, the Seller shall advise the Clearing House immediately of such submission. The Clearing House shall declare and notify to the Seller and the Exchange that the Member is subject to a Transfer Request Delay and that Rule II.12 (c), (d), (e), (f) and (g) shall apply.

- (d) Where a Transfer Request has not been submitted, or has been submitted but such Transfer Request has not been accepted by the Registry by 19.00 hours on the second Business Day after the last day of trading, the Seller shall advise the Clearing House immediately of such non-submission, or non-acceptance. The Clearing House shall declare that the Clearing House or the Seller, as appropriate, has failed to meet its delivery obligations and that there is a Transfer Request Failure.

JJ.7 SUBMISSION OF TRANSFER REQUEST BY THE CLEARING HOUSE

- (a) Where the Clearing House is the Seller, the Clearing House shall by 19.30 hours on the second Business Day after the last day of trading ensure that the relevant Transfer Requests have been made by it to its Registry through its Communication Link or by such other means as the relevant Registry may direct from time to time.

The Clearing House shall use a Random Selection Mechanism to assign the order of Buyers to whom the Clearing House shall transfer CERs under a CER Contract.

- (b) Where a Transfer Request has been submitted in accordance with Rule JJ.7(a), the Clearing House and the Buyer shall promptly, and no later than 19:30 hours on the third Business Day after the last day of trading, check the appropriate reports within the relevant Registry. If either the Buyer or the Clearing House considers that the details of the Transfer contained in the Registry report are incorrect, or missing, or a Transfer of a CER which is of a CER Type which may not, pursuant to Rule II.1(e), be traded and delivered under a CER Contract has occurred it shall immediately inform the other. The Clearing House may take, or require the Buyer to take, such steps as appropriate to rectify the situation in compliance with any Clearing House Directions which allow for CERs to be delivered by such time as the Clearing House may direct which in any event shall not be a time beyond 19:30 hours on the fourth Business Day after the last day of trading in relation to the relevant Transfer.

- (c) Where a Transfer Request has not been submitted by the Clearing House or has been submitted but not accepted or actioned by the Registry by 19:30 hours on the third Business Day after the last day of trading, the Clearing House shall advise the Buyer immediately of such non-submission, non-acceptance or non-action. The Clearing House shall declare that the Clearing House or the Buyer, as appropriate, is subject to a Transfer Request Delay and may:
- (i) take, or require the Buyer to take, such steps as appropriate to rectify the situation in compliance with any Clearing House Directions which allow for CERs to be delivered by such time which in any event shall not be a time beyond 19:30 hours on the fourth Business Day after the last day of trading in relation to the relevant Transfer. In the event that the Buyer's Holding Account has not been credited by 19:30 hours on the fourth Business Day after the last day of trading in relation to the relevant Transfer the Clearing House shall declare that there is a Transfer Request Failure; or,
 - (ii) declare that the Clearing House or the Buyer, as appropriate, has failed to meet its delivery obligations and that there is a Transfer Request Failure.

Where the Buyer's Holding Account has not been credited by 19:30 hours on the fourth Business Day after the last day of trading, the Clearing House shall declare that there is a Transfer Request Failure.

JJ.8 REGISTRY REGULATIONS AND OBLIGATIONS

- (a) The Seller shall comply with such requirements and obligations imposed by or under the Registry Regulations in all respects material to the submission of a Transfer Request.
- (b) The Buyer shall comply with such requirements and obligations imposed by or under the Registry Regulations in all respects material to ensure the acceptance of a valid Transfer into its Holding Account.
- (c) If a provision of the Rules, Administrative Procedures or the Clearing House procedures is inconsistent with a provision of the Registry Regulations, the provision of the Rules, Administrative Procedures or the Clearing House procedures shall prevail as between the Buyer, Seller, the Exchange and the Clearing House to the extent of such inconsistency and to the extent permitted by law.

JJ.9 PAYMENT

- (a) All sums payable pursuant to Rule II.8(b) shall be paid in such manner and at such times as the Clearing House may determine but in any event shall be paid at the latest on the day after the last day of trading, save that where such day is not a Business Day such sums shall be paid no later than on the next Business Day.
- (b) Subject to Rule JJ.9(c), in respect of the Contract, the Clearing House shall issue in accordance with its Procedures account documentation to the Buyer and the Seller specifying the amount due from the Buyer in respect of such Contract and any payment due to the Seller in respect of such Contract under Rule II.8(a). All payments due in respect of a Contract under Rule II.8(a) shall be made in accordance with the Clearing House procedures.
- (c) In respect of a Contract, the Clearing House shall, in accordance with its Procedures, issue any account documentation to a party specifying the amount due from/to such party in respect of such Contract under Rule II.12. All payments due in respect of a Contract under Rule II.12 shall be made in accordance with the Clearing House procedures.

Consequentials

“Emission Contract” means a contract containing the terms set out in Section Y [and/or Section II](#) (and where appropriate Section EE) of the Contract Rules and/or any other contract determined to be an Emission Contract by the Directors from time to time;

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

- (a) (vii) EFPs and EFSs may take place in respect of any contract month in any product mentioned in Sections Y [and II](#) and be reported to the Exchange up to 30 minutes after the relevant time of cessation of trading on the last day of trading on the ICE Platform of 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 the ICE Futures Gasoil Futures Contract, the ICE Futures Brent Crude Futures Contract, the ICE Futures West Texas Intermediate Light Sweet Crude Oil Futures Contract, ICE Futures New York Harbour Heating Oil Futures Contract, ICE Futures New York Harbour Unleaded Gasoline Blendstock (RBOB) Futures Contract, ICE Futures Rotterdam Coal Futures Contract, the ICE Futures Richards Bay Coal Futures Contract and the ICE Futures Middle East Sour Crude Oil Futures Contract are for the time being more distant than the ninth forward contract month;
 - (ii) contract months which, in the case of futures for other products (excluding products mentioned in Sections S, W, ~~and Y~~ [and II](#)), and in the case of options (other than Emission Options) for all products (excluding products mentioned in Sections S, W, ~~and Y~~ [and II](#)), are for the time being more distant than the sixth forward contract month;
 - (iii) [Removed 7 February 2006];
 - (iv) contract dates which, in the case of a Contract containing the terms set out in Section S or W, fall within a month which is for the time being more distant than the third forward contract month;
 - (v) contract months which, in the case of a Contract containing the terms set out in Sections Y [and II](#), are for the time being more distant than the third forward contract month; or
 - (vi) contract months which, in the case of Emission Options, are for the time being more distant than the second forward contract month.
- (c) In this Rule references to the amendment of the Contract Rules include additions to and the partial revocation of the Contract Rules.

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