

SECTION **7D100** - CONTRACT RULES: ICE FUTURES EUA **PHASE 4** DAILY FUTURES
CONTRACT

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¹~~Amended 10 December 2012~~

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⁴~~Amended 10 December 2012~~

⁵~~Amended 10 December 2012, 24 November 2017~~

⁶~~Amended 10 December 2012, 3 September 2014~~

⁷~~Amended 10 December 2012, 3 September 2014~~

⁸~~Amended 10 December 2012~~

⁹~~Amended 10 December 2012~~

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CONTRACT RULES: ICE FUTURES EUA PHASE 4 DAILY
FUTURES CONTRACT

7D100.1 CONTRACTS FOR THE TRANSFER OF CARBON EMISSION ALLOWANCES BETWEEN TRADING ACCOUNTS¹⁰

- (a) The ICE Futures ~~-EUA~~ Phase 4 Daily Futures Contract Rules contained in this Section 7D100, and the provisions of Sections I and ~~PP7D2~~, are applicable to the trading of Daily Carbon Emissions Allowance Contracts.
- (b) A Daily Carbon Emissions Allowance Contract shall be for the sale by the Seller and purchase by the Buyer of Carbon Emissions Allowances, for transfer from the Trading Account of the Seller to the Trading Account of the Buyer during the Delivery Period specified in the Daily Carbon Emissions Allowance Contract in accordance with, or pursuant to, these ICE Futures ~~-EUA~~ Phase 4 Daily Futures Contract Rules, the Administrative Procedures and the Clearing House procedures. For the purposes of these ICE Futures EUA Phase 4 Daily Futures Contract Rules, Transfer of Carbon Emissions Allowances as between Trading Accounts of the Buyer and the Seller maintained in one or more Registries pursuant to 7D100.6 shall subject to 7D100.1(d) constitute "delivery".
- (c) The Exchange shall from time to time determine the Registries to and from which delivery may be made under a Daily Carbon Emissions Allowance 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 or 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 Daily Carbon Emissions Allowance Contracts).
- (d) The Clearing House shall from time to time determine and notify Members of one or more Registries and Trading Accounts which it will use for the delivery of Carbon Emission Allowances under a Daily Carbon Emissions Allowance Contract in accordance with Clearing House procedures.
- (e) The Exchange shall from time to time, in its absolute discretion, determine the Allowance Types for the purposes of identifying the Carbon Emission Allowances which may be traded and delivered under a Daily Carbon Emissions Allowance Contract. The Exchange shall from time to time issue a list of such Allowance Types and may, at any time, upon such notice as considered appropriate by the Exchange circulated to Members, add or withdraw an Allowance Type from such list (and any such change may, according to its terms, have effect on existing as well as new Daily Carbon Emissions Allowance Contracts).
- (f) The Exchange may offer individual day contracts of Daily Carbon Emissions Allowance Contracts for trading on the Market or otherwise pursuant to the Regulations, for delivery during a Delivery Period commencing on the day on which the contract is traded, as the Exchange may determine from time to time

7D100.2 QUANTITY

- (a) Subject to Rule 7D100.2(b), Daily Carbon Emissions Allowance Contracts shall be for one or more lots of Carbon Emission Allowances to be delivered during the Delivery Period as specified in the Daily Carbon Emissions Allowance Contract (it being understood that a lot refers to 1000 Carbon Emission Allowances, each such Carbon Emission Allowance being an entitlement to emit one tonne of carbon dioxide equivalent gas).
- (b) The Exchange may, in its absolute discretion, determine from time to time that Daily Carbon Emissions Allowance Contracts shall be traded and delivered in a minimum number of lots or multiples thereof.

¹⁰ Amended 10 December 2012

7D100.3 OTHER DEFINITIONS¹¹

In these ICE Futures EUA Phase 4 Daily Futures Contract Rules and the related Administrative Procedures set out in Section 7D2.Z, the following terms shall bear the meanings set out opposite each:

“Account Holder”	means a person who has a Trading Account in the registries system as referenced in the Registry Regulations;
“Acquiring Registry”	means, in relation to a Daily Carbon Emissions Allowance Contract, the Registry at which the Trading Account of the Buyer is maintained as specified in the relevant Transfer Request;
“Allowance Type”	means any type of allowance, determined and notified to Members by the Exchange from time to time. For any Allowance Type, the Exchange may specify such criteria as it deems appropriate, including without limitation the type, nature and source of an allowance, the scheme and/or mechanism pursuant to which such allowance has been issued and the originating or issuing registry;
“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;
“Carbon Emissions Allowance” or “EUA”	<u>means an allowance issued pursuant to Chapter III of the Directive to permit the emission of one tonne of carbon dioxide equivalent, that is valid for determining compliance with emission limitation commitments during the period starting from 1 January 2021 and which falls within an Allowance Type</u> Means an allowance issued pursuant to Chapter III of the Directive to permit the emission of one tonne of carbon dioxide equivalent, that is valid for determining compliance with emission limitation commitments at the time at which they are delivered and which falls within an Allowance Type;
“Carbon Emissions Allowance Delivery Amount”	means for each Margin Account an amount reflecting the gross number of Carbon Emissions Allowances which are to be delivered by a Seller for any Delivery Period in respect of all Daily Carbon Emissions Allowance Contracts to which it is party as Seller;
“Carbon Emission Allowance 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 EUA <u>Phase 4</u> Daily Futures Contract Rules, the Administrative Procedures and the Clearing House procedures;
"Clearing House procedures"/ "Procedures"	means the procedures of the Clearing House from time to time in force as prescribed under the Clearing House Rules;
“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 Carbon Emission Allowances under a Daily Carbon Emissions Allowance 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 Amended 4 April 2011, 10 December 2012, 3 September 2014, 24 November 2017

	11/CMP.1 of the Meeting of the Parties to the Kyoto Protocol 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 allowances under the Scheme and established, operated and maintained pursuant to Article 5 of the Registry Regulations;
“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), which in any case is necessary to facilitate a Transfer;
“Contract Date”	means for a Daily EUA Daily Contract, an individual Business Day listed by the Exchange on which: (a) trading commences; (b) trading ceases; and (c) the Delivery Period commences for those trades executed on that Business Day;
“Daily Carbon Emissions Allowance Contract”	means a Contract made pursuant to these ICE Futures <u>EUA Phase 4</u> Daily Futures Contract Rules for the delivery of Carbon Emissions Allowances;
“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 7D1.00 .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 Carbon Emission Allowances in the event of a Transfer Request Failure. Delivery Costs resulting from Transfer Request Failures and Transfer Request Delays shall not under any circumstances include any Excess Emissions Penalties which a Buyer or Seller may incur under the Scheme;
“Delivery Period”	means the period beginning at 17.00 hours on the Contract Date of a Daily Emissions Allowance Contract and ending at 15.00 hours on the second Business Day following the relevant Contract Date. Where a Transfer Request Delay occurs, the period shall end at such later time as the Clearing House may direct under Rule 7D2.00 .6, which in any event shall not be a time beyond 15.00 hours on the third Business Day after the relevant Contract Date. During this period, delivery of Carbon Emission Allowances is to take place in accordance with the terms of these ICE Futures EUA <u>Phase 4</u> Daily 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 96/61/EC, as amended from time to time;
"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 Daily Carbon Emissions Allowance Contract, the settlement price determined by the Exchange in accordance with the Administrative Procedures;

“Initiating Registry”	means, in relation to a Daily Carbon Emissions Allowance Contract, the Registry at which the Trading Account of the Seller is maintained from which the Transfer 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;
“Margin Account”	means, in relation to a Clearing Member, either its House or Client margin account, or in relation to a Sponsor and/or Sponsored Principal, the Individually Segregated Sponsored 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 Counterparty’s positions in accordance with the Clearing House procedures;
“Originating Registry”	means, in relation to any Carbon Emissions Allowance, the Registry through which such Carbon Emissions Allowance was originally issued pursuant to the Scheme. The Exchange shall from time to time determine that Carbon Emission Allowances issued by certain Originating Registries may be transferred under a Daily Carbon Emissions Allowance Contract. The Exchange shall from time to time issue a list of such Originating Registries and may, at any time, upon such notice as considered appropriate by the Exchange and notified to Members, add or withdraw an Originating Registry from such list (and any such change may, according to its terms, have effect on existing as well as new Carbon Emissions Allowance Contracts);
“Position-Keeping Account”	means any account within the Clearing House’s clearing system 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 Carbon Emission Allowances to the Trading Accounts of such Buyers upon the credit of the Clearing House’s nominated Trading Account with the Carbon Emission Allowances from the Sellers’ Trading 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 <u>7D100.12</u> ;
“Registry”	means any registry established in order to ensure the accurate accounting of the issue of holding, transfer, acquisition, surrender, cancellation, and replacement of Allowances under the Scheme, which has been identified as a Registry by the Exchange from time to time for the purposes of these ICE Futures <u>EUA Phase 4 Daily</u> Futures Contract Rules;
“Registry Regulations”	means, as amended from time to time, Commission Regulation (EU) No 389/2013 of 2 May 2013 establishing a Union Registry pursuant Directive 2003/87/EC of the European Parliament and of the Council, Decisions No 280/2004/EC and No 406/2009/EC of the European Parliament and of the Council and repealing Commission Regulations (EU) No 920/2010 and No 1193/2011;
“Required Authorisations”	means all governmental and other licences, authorisations, permits, consents, 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 Daily Carbon Emissions Allowance 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 established pursuant to the Directive, as implemented by relevant national law;
"Trading Account"	means a "trading account" as referred to in the Registry Regulations which Account is located in the Union Registry and may be subject to have a Trusted Account List;
Transfer"	means the transfer of all Carbon Emission Allowances required to be delivered under a Daily Carbon Emissions Allowance Contract from one Trading Account to another under and in accordance with the Scheme;
a "Transfer Request Delay"	is deemed to have taken place where: a) in the case of a Seller other than the Clearing House, the Seller makes a Transfer Request for a Delivery Period but the Clearing House's Trading Account is credited after 15.00 hours on the first Business Day following the relevant Contract Date but on or before 15.00 hours on the second Business Day following the relevant Contract Date or such later time as the Clearing House may provide pursuant to Rule 7D2PP .6(c) in compliance with a Clearing House Direction or otherwise; or b) in the case of a Buyer other than the Clearing House, the Buyer's Trading Account is credited after 15.00 hours on the second Business Day after the relevant Contract Date but on or before 15.00 hours on the third Business Day after the relevant Contract Date in compliance with a Clearing House Direction or otherwise; or c) the Clearing House has declared that there is a Transfer Request Delay in accordance with Rule 7D2PP .6(c) or 7D2PP .7(c); provided in each case, that a Transfer Request Delay will cease to exist where a Transfer Request Failure takes place;
"Trusted Account List"	means the list maintained by the National Administrator for a specified Trading Account which list includes accounts identified or nominated by the Account Holder as accounts to which Transfers can be made from that Account Holder's Trading Account;
"UNFCCC"	means the United Nations Framework Convention on Climate Change;
"UNFCCC International Transaction Log"	means the international transaction log established, operated and maintained by the Secretariat of the United Nations Framework Convention on Climate Change;
"Union Registry"	means the Registry referred to as the 'Community registry' in Article 19(1) of the Directive.

7D100.4 PRICE¹²

- (a) The price of a Daily Carbon Emissions Allowance Contract shall be in Euros and Euro cents per Carbon Emission Allowance. Daily Carbon Emissions Allowance Contracts may be traded with minimum fluctuations of € 0.01 (1 cent) per Carbon Emission Allowance.
- (b) The price of a Daily Carbon Emissions Allowance 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 Trading Accounts, submission of Transfer Requests or effecting Transfers.

¹² Amended 10 December 2012

(c) The price of a Daily Carbon Emissions Allowance 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 Carbon Emission Allowances under a Daily Carbon Emissions Allowance Contract and any such duties shall be borne by the Buyer.

7D100.5 CARBON EMISSION ALLOWANCE TRANSFER REQUEST

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

- (a) Rule 7D100.6;
- (b) Rule 7D2PP.6, (or where the Seller is the Clearing House, in accordance with Rule 7D2PP.7); and,
- (c) the Registry Regulations, the Clearing House procedures and any Clearing House Directions.

7D100.6 DELIVERY UNDER A DAILY CARBON EMISSIONS ALLOWANCE CONTRACT¹³

For a Delivery Period:

- (a) in respect of a Daily Carbon Emissions Allowance 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 Trading Account of Carbon Emission Allowances in accordance with Registry Regulations and with Rule 7D2PP.6 as appropriate. The Seller shall effect the Transfer by submitting a Transfer Request in accordance with these ICE Futures EUA Phase 4 Daily Futures Contract Rules, and in particular Rule 7D2PP.6, stipulating the receiving account as the Clearing House's Trading Account in the Registry nominated by the Clearing House as the Acquiring Registry for that Transfer.
- (b) in respect of a Daily Carbon Emissions Allowance 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 Trading Account of Carbon Emission Allowances in accordance with Registry Regulations and Rule 7D2PP.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 EUA Phase 4 Daily Futures Contract Rules, and in particular Rule 7D2PP.7, stipulating the receiving account as the Buyer's Trading 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 an Allowance which is not an Allowance Type ("Non-valid Allowance") 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 EUA Phase 4 Daily 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 EUA Phase 4 Daily Futures Contract Rules, the Administrative Procedures and the Clearing House procedures due to the Transfer Request being in respect of an Allowance which is not an Allowance Type ("Non-valid Allowance"), the Clearing House shall declare that there is a Transfer Request Failure and Rule 7D100.12 shall apply.
- (d) If at any time after the Delivery Period, the Exchange or the Clearing House becomes aware that an Allowance which is not an Allowance Type ("Non-valid Allowance") 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 7D100.13, such matter shall be determined in accordance with the arbitration provisions in the Regulations.

¹³ Amended 10 December 2012

- (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, as applicable, 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 EUA Phase 4 Daily Futures Contract Rules, the Administrative Procedures and the Clearing House procedures. In the event that appropriate steps cannot be taken, and delivery cannot therefore occur in accordance with the terms and deadlines of: these ICE Futures EUA Phase 4 Daily 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 ~~7D10~~.12 shall apply.

7D100.7 EXCLUSION OF LIABILITY¹⁴

- (a) Save as specifically provided in these ICE Futures EUA Phase 4 Daily Futures Contract Rules, the Administrative Procedures, the Clearing House procedures, the Regulations and the Clearing House Rules (and to the extent permitted by law), the Exchange and the Clearing House accept no liability in connection with a Daily Carbon Emissions Allowance 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 the Registry or CITL or EUTL, as the case may be, or UNFCCC International Transaction Log of their respective obligations under the Registry Regulations or otherwise;
 - (iii) the validity or non-validity of any Carbon Emissions Allowance for the purposes of meeting the requirements of the Directive;
 - (iv) any act or omission of any operator of a Communication Link or any part thereof; or
 - (v) any act or omission of an Authorised Representative of any other party.
- (b) Without prejudice to the rights and obligations of any person party to a Corresponding Contract arising pursuant to a Corresponding Contract, 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 Daily Carbon Emissions Allowance Contract made pursuant to these ICE Futures EUA Phase 4 Daily Futures Contract Rules.

7D100.8 PAYMENT UNDER A DAILY CARBON EMISSIONS ALLOWANCE CONTRACT

- (a) Subject to delivery under ~~7D100~~.6 and without prejudice to paragraph (b) of this Rule ~~7D100~~.8, the Buyer shall pay the EDSP specified in the Daily Carbon Emissions Allowance Contract. Payment will be made by the time referred to in and in accordance with Rule ~~7D200~~.9.
- (b) Any difference between the EDSP with respect to the Carbon Emissions Allowance Contract and the Contract Price shall be accounted for between the parties to the Daily Carbon Emissions Allowance Contract in accordance with the Clearing House procedures.

7D100.9 SELLER'S OBLIGATIONS¹⁵

¹⁴ -Amended 10 December 2012, 24 November 2017

¹⁵ -Amended 10 December 2012, 3 September 2014

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- (a) In respect of a Daily Carbon Emissions Allowance Contract to which the Clearing House is party as the Buyer, the Seller shall:
- (i) ensure that there are sufficient transferable Carbon Emission Allowances in the Trading 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) deliver to the Trading Account of the Clearing House Carbon Emissions Allowances 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 an unencumbered Carbon Emission Allowances to the Clearing House;
 - (iii) 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 Trading Account);
 - (iv) 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 EUA Phase 4 Daily Futures Contract Rules, Administrative Procedures and Clearing House procedures;
 - (v) maintain in full force and effect all Required Authorisations at all appropriate times;
 - (vi) have and maintain, during such periods as determined by the Exchange from time to time and at its own cost, one Trading Account for each Margin Account at a Registry;
 - (vii) ensure that the Authorised Representative notified to the Clearing House pursuant to Rule 7D2PP.4.(b)(iii) shall be contactable by the Clearing House at all appropriate times during the Delivery Period;
 - (viii) give the Clearing House, for the purposes of delivery under Rule 7D10.6, 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;
 - (ix) comply with the applicable provisions of the Registry Regulations, these ICE Futures EUA Phase 4 Daily 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 Trading Account is subsequently debited during the Delivery Period;
 - (x) 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 EUA Phase 4 Daily Futures Contract Rules, the Administrative Procedures, the Clearing House Rules, the Clearing House procedures, or any Clearing House Direction;
 - (xi) make payment of any amounts due and payable pursuant to and in accordance with these ICE Futures EUA Phase 4 Daily Futures Contract Rules, the Administrative Procedures, the Clearing House Rules or the Clearing House procedures;
 - (xii) perform all other obligations imposed on the Seller under these ICE Futures EUA Phase 4 Daily Futures Contract Rules, the Administrative Procedures and the Clearing House procedures; and
 - (xiii) be and continue to be a Selling Counterparty as defined in the Clearing House Rules.
- (b) The Seller shall be responsible for the performance of all of its obligations under the Daily Carbon Emissions Allowance 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 Daily Carbon Emissions Allowance Contract or any related obligations.

- (c) Subject to Rule ~~7D100~~.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 Trading Account in respect of a Daily Carbon Emissions Allowance 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 Carbon Emissions Allowance which has been delivered under the terms of a Daily Carbon Emissions Allowance Contract which arose, or arises in relation to the relevant Carbon Emissions Allowance 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 Carbon Emissions Allowance to the Clearing House, under the terms of a Daily Carbon Emissions Allowance Contract, to settle the relevant invoice or charge.
- (e) In respect of a Daily Carbon Emissions Allowance ~~EUA Daily~~ Contract to which the Clearing House is party as the Seller it shall,
 - (i) have and maintain, one or more Trading Accounts at the Registry notified by it to Clearing Members from time to time pursuant to these ICE Futures EUA Phase 4 Daily Contract Rules, Administrative Procedures and Clearing House Procedures.
 - (ii) following notification of the Trading Account information from the Buyer pursuant to Rule ~~7D100~~.10(a)(vi), nominate the Trading Account specified by the Buyer as a Trading Account on the Trusted Account List for a Trading Account used by the Clearing House pursuant to Rule ~~7D100~~.9(e).

7D100.10 BUYER'S OBLIGATIONS¹⁶

- (a) In respect of a Daily Carbon Emissions Allowance 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 Trading 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 EUA Phase 4 Daily 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 Trading Account at a Registry for each Margin Account;
 - (v) ensure that the Authorised Representative notified to the Clearing House pursuant to Rule ~~7D200~~.5(b)(ii) shall be contactable by the Clearing House at all appropriate times during the Delivery Period;

¹⁶ ~~Amended 10 December 2012, 3 September 2014~~

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- (vi) give the Clearing House details of the Trading Account for the purposes of delivery under Rule ~~7D100~~.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 EUA Phase 4 Daily 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 Trading 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 EUA Phase 4 Daily Futures Contract Rules, the Administrative Procedures, the Clearing House Rules, 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 EUA Phase 4 Daily Futures Contract Rules, the Administrative Procedures, the Clearing House Rules or the Clearing House procedures;
 - (x) perform all other obligations imposed on the Buyer under these ICE Futures EUA Phase 4 Daily Futures Contract Rules, the Administrative Procedures and the Clearing House procedures; and
 - (xi) be and continue to be a Buying Counterparty as defined in the Clearing House Rules.
- (b) The Buyer shall be responsible for the performance of all of its obligations under the Daily Carbon Emissions Allowance 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 Daily Carbon Emissions Allowance ~~Contract~~ Contract or any related obligations.
- (c) Subject to Rule ~~7D200~~.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 Trading Account in respect of a Daily Carbon Emissions Allowance Contract to which the Buyer is party.

7D100.11 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 Clearing House Rules.

7D100.12 FAILURE TO PERFORM AND/OR DELAY IN PERFORMANCE OF OBLIGATIONS AND DELIVERY COSTS UNDER A DAILY CARBON EMISSIONS ALLOWANCE CONTRACT¹⁷

- (a) On the occurrence of a Transfer Request Failure in accordance with Rules ~~7D200~~.6(d) or ~~7D200~~.7(c), a Seller may agree with the Clearing House to make delivery of Carbon Emissions Allowances to the Clearing House, or a Buyer may agree with the Clearing House to take delivery from the Clearing House of Carbon Emission Allowances 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 ~~007D1~~.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

¹⁷ Amended 10 December 2012

accordance with Rules ~~P7D2P~~.6(d) or ~~7D2PP~~.7(c), the Clearing House shall refer the fact of the Transfer Request Failure to the Exchange in accordance with Rule ~~7D100~~.12(b).

- (ii) On an agreement between the Seller and the Clearing House or the Buyer and the Clearing House under the terms of Rule ~~7D100~~.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 ~~7D100~~.12(a), to owe any obligation towards the Seller or Buyer (as the case may be), under this Daily Carbon Emissions Allowance 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 ~~7D100~~.12(a), to owe any obligation towards the Clearing House, under this Daily Carbon Emissions Allowance Contract. For the avoidance of doubt this shall be without prejudice to any obligations owed by the Buyer or Seller under the Clearing House Rules.
- (b) Where an agreement is not reached pursuant to Rule ~~7D100~~.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 ~~7D100~~.12(b) 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 Daily Carbon Emissions Allowance Contract there is a Transfer Request Failure which is referred to the Exchange under Rule ~~7D100~~.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 Daily Carbon Emissions Allowance 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 Daily Carbon Emissions Allowance Contract there is a Transfer Request Failure which is referred to the Exchange under Rule ~~7D100~~.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 such Daily Carbon Emissions Allowance 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 Daily Carbon Emissions Allowance Contract in respect of the Buyer's or Seller's Trading 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 or, 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 Daily Carbon Emissions Allowance Contract;

- (v) Where the level of Delivery Costs attributable to a Transfer Request Failure which is referred to the Exchange under Rule 7D100.12(b) cannot be agreed between the Clearing House and a Buyer/Seller within seven Business Days of the Contract Date, 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 7D100.12 shall be their sole remedy in respect of any failure by any other party to comply with its obligations in respect of a Daily Carbon Emissions Allowance Contract. For the avoidance of doubt this shall be without prejudice to any obligations owed by the Buyer or Seller under the Clearing House Rules.
- (f) The Clearing House may take such steps in accordance with the terms of this 7D100.12, without prejudice to the provisions of these ICE Futures EUA Phase 4 Daily 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 Clearing House Rules.
- (g) The Clearing House may, by Clearing House Directions, instruct a Buyer or Seller that partial settlement is to take place under a Daily Carbon Emissions Allowance Contract to which they are party, in which case the provisions of this Rule 7D100.12 as to Transfer Request Failures or Transfer Request Delays may apply to part only of such Daily Carbon Emissions Allowance Contract where relevant.

7D100.13 ARBITRATION AND DISPUTE RESOLUTION

The Buyer and the Seller acknowledge that, subject to Rules 7D100.12(f) any disputes relating to the Daily Carbon Emissions Allowance Contract shall be determined in accordance with the arbitration provisions in the Rules.

7D100.14 FORCE MAJEURE¹⁸

- (a) If the Scheme is, as a result of official written public pronouncement by any duly authorised body representing the European Union, to be discontinued, or is significantly amended in a manner which prevents the performance of delivery pursuant to Rule 7D100.6, 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, Clearing House, nor the Seller shall have any further obligations under or in respect of the Daily Carbon Emissions Allowance Contract subject of the open contract(s).
- (b) Subject to Rule 7D100.14(e), a Seller who is party to a Daily Carbon Emissions Allowance Contract shall not be liable in respect of any failure on its part to submit a Transfer Request in relation to any Daily Carbon Emissions Allowance Contract, any rejection/non acceptance of a Transfer Request or subsequent failure in the credit of Carbon Emissions Allowances to the Buyer's Trading Account, nor shall a Buyer be liable in respect of any failure on its part to ensure the credit to its Trading Account of all Carbon Emissions Allowances under a Daily Carbon Emissions Allowance Contract if performance of such obligations is prevented by Force Majeure. In such case neither party shall be

¹⁸ Amended 10 December 2012

held to be in default under the Daily Carbon Emissions Allowance Contract and no payment shall be made under Rules ~~7D100.8~~ or ~~7D100.12~~.

- (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 ~~7D100.14~~(e)), which is outside the reasonable control of such party, and which prevents the debiting and crediting of the Buyer's or Seller's Trading 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 Carbon Emissions Allowance 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 or the 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 ~~7D100.14~~(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 Daily Carbon Emissions Allowance Contracts to which the Clearing House is party as Buyer which prevents the Transfer of Carbon Emission Allowances 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 Daily Carbon Emissions Allowance Contracts in accordance with these ICE Futures EUA Phase 4 Daily Futures Contract Rules, and/or the Regulations and/or the Clearing House Rules and/or the Clearing House procedures.
- (e) Subject to Rules ~~7D100.14~~(a) and ~~7D100.14~~(c), the occurrence of the following events shall not give rise to Force Majeure:
- (i) the refusal or rejection by a Registry or the CITL, and/or the UNFCCC International Transaction Log if appropriate, 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 Carbon Emission Allowances in the Seller's Trading Account to enable the Seller to effect the Transfer, whether caused by non-allocation or low allocation of Carbon Emissions Allowances 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 Daily Carbon Emissions Allowance Contract shall not be entitled to relief through the occurrence of an event of Force Majeure under this Rule ~~7D100~~.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 ~~7D100~~.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 Daily Carbon Emissions Allowance 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 ~~7D100~~.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 Daily Carbon Emissions Allowance Contract, the Daily Carbon Emissions Allowance 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.

