



Atlanta Chicago Houston London New York Singapore

ICE FUTURES CIRCULAR 06/040 R05

14 March 2006

To: All Members
Copy to: The Financial Services Authority
LCH.Clearnet Limited

Dear Member

Various amendments to the Regulations

Following the recent change of name of the Exchange to ICE Futures, Members were advised that the appropriate amendments to the Regulations would be made to reflect this change of name and other related matters in due course. These include the renaming of the trading system IPE ETS to the ICE Platform. The Exchange has also taken the opportunity to reinstate Section B of the Regulations as the Section covering Exchange Membership matters following the full transition from Floor to electronic trading last year (together with the consequential removal of Section BB). The purpose of this Circular is to advise Members of such amendments approved by the Authorisation, Rules and Conduct Committee which are set out below.

I therefore give formal notice, on behalf of the Board, in accordance with the Code of Practice, that it proposes the changes to Exchange Regulations set out on the attached. The Code of Practice provides that any written request for the Board to consider whether the Code of Practice has been adhered to must be received by the Secretary within seven days of the date of this Circular. In the absence of any such request the proposed changes will come into effect on Wednesday 29 March 2006.

If you have any questions please contact Jackie Ryan on +44 (0) 20 7265 3616 or jackie.ryan@theice.com.

Yours sincerely,

**Patrick Davis
Company Secretary**

It is suggested that this Circular is passed to the member of your staff in charge of:

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

Thank you for your co-operation.

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SECTION R - PROCEDURES: ICE FUTURES WEST TEXAS INTERMEDIATE LIGHT SWEET CRUDE OIL FUTURES CONTRACT

<u>R.1</u>	<u>Cessation of Trading</u>
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~~IPE ETS~~ TRADING PROCEDURES

Section 1: ~~IPE ETS~~ Trading

SECTION A - GENERAL

A.1 DEFINITIONS

“clearing agreement”	an agreement in a form prescribed by the Directors, under which a clearing member of the Clearing House undertakes on the terms of the Regulations to clear and accept liability for any Contract made on the Market pursuant to Rule BBB .9.5 by another Member;
<u>“Electronic User Agreement”</u>	<u>an agreement between a Member and the Exchange in a form prescribed by the Directors from time to time for the use of the ICE Platform by the Member;</u>
“Emissions Trading Privilege”	means the status for which a Member, or applicant for membership may apply in accordance with Section BBB , which is a condition to the availability of the permissions described in Rule BBB .6 in relation to an Emission Contract;
“the Exchange”	The International Petroleum Exchange of London Limited <u>ICE Futures;</u>
“front end application”	means a graphical user interface developed by a Member, or provided by an ISV to a Member, or the graphical user interface provided to a Member by IPE as part of <u>the IPCE ETSPlatform</u> . A front end application must at all times meet the <u>Exchange -IPE</u> conformance criteria;
“General Participant”	a Member of the category mentioned in Rule BBB .2.1(a);
“graphical user interface”	means the software which interfaces with <u>the IPCE ETSPlatform</u> API and both determines the requirement for sending, and sends, order handling messages to the Trading Server without necessarily requiring the intervention of an individual;

<u>“the ICE Platform”</u>	<u>the electronic trading system for the trading of such contracts as determined by the Directors from time to time and administered by the Exchange; this was previously known as IPE ETS.</u>
<u>“the ICE Platform central processing system”</u>	<u>means that part of the ICE Platform operated by or on behalf of the Exchange which performs the functions set out in documents from time to time published by the Exchange including controlling, monitoring and recording trading by Members and concluding transactions between Members;</u>
<u>“ICE Platform trading hours”</u>	<u>the hours during which Responsible Individuals may conduct Exchange business on the ICE Platform, such hours to be determined by the Directors in accordance with A.8;</u>
<u>“ICE Platform workstation”</u>	<u>a computer workstation connected to the ICE Platform for the purposes of conducting Exchange business by means of the ICE Platform</u>
“Individual Participant”	a Member of the category mentioned in Rule BBB 2.1(c);
“IPE ETS”	the electronic trading system for the trading of such contracts as determined by the Directors from time to time and administered by the Exchange;
“IPE ETS central processing system”	means that part of IPE ETS operated by or on behalf of the Exchange which performs the functions set out in documents from time to time published by the Exchange including controlling, monitoring and recording trading by Members and concluding transactions between Members;
“IPE ETS User Agreement”	an agreement between a Member and the Exchange in a form prescribed by the Directors from time to time for the use of IPE ETS by the Member;
“IPE ETS trading hours”	the hours during which Responsible Individuals may conduct IPE business on IPE ETS, such hours to be determined by the Directors in accordance with A.8;
“IPE ETS workstation”	a computer workstation connected to the IPE ETS for the purposes of conducting IPE business by means of the IPE ETS;
“IPEH”	<u>IPCE Futures Holdings plc;</u>
“ISV, Independent Software Vendor”	means the provider of graphical user interface software which interfaces with <u>the ICE Platform</u> IPE ETS API and both determines the requirement for sending, and sends, order handling messages to the Trading Server without necessarily requiring the intervention of an individual. Such ISV shall meet such conformance criteria as determined by the Exchange from time to time;
“the Market”	<u>the IPCE ETS Platform</u> or any other means of trading determined by the Exchange from time to time;
“Member”	an entity or a person who has been admitted to a category of membership referred to under Section BBB ;
“notice posted on the Market”	a notice in writing sent by post to Members, or a notice sent electronically to Members by email (and/or if the context requires a notice sent via <u>the ICE Platform</u> IPE ETS) and having effect at the time;
“Oil Contract”	means a contract containing the terms set out in Sections J, or L or Q of the Contract Rules and/or any other contract determined to be an Oil Contract by the Directors from time to time;
“Responsible Individual”	an individual registered by a Member with the Exchange to conduct IPE Exchange business on <u>the IPCE ETS Platform</u> for that Member;
“Telephone Trading	means the bilateral negotiation and trading of Telephone Trading

market”	contracts pursuant to Rule G.18 undertaken directly between Members who are authorised under the Financial Services and Markets Act 2000 or have comparable authorisation from their home state regulator, the results of which are submitted to the <u>IPEExchangeE</u> for price dissemination, trade reporting, trade matching/processing and clearing;
“Trade Participant”	a Member of the category mentioned in Rule <u>BBB.2.1</u> (b);
“trading facilities”	the <u>PCE ETSPlatformS</u> or such other facilities for the trading of Contracts as the Directors may determine from time to time;
“Trading Server”	means the <u>ICPE ETSPlatform</u> central processing system;
“Utility Contract”	a contract containing the terms set out in either Section <u>Q-S</u> , or W of the Contract Rules or any other contract determined to be a Utility Contract by the Directors from time to time;

A.5.4 If any Member shall default in the performance of any Contract he shall be liable to be suspended from membership or expelled under Rule BBB.7.1, notwithstanding that he complied with any requirement as to the settlement of such default.

A.5.7 In respect of any automated trading system administered by the Exchange, the Directors may from time to time determine the rights and obligations to be conferred on any Member entitled to use and access such automated trading system, including without limitation, the ICPE ETSPlatform.

A.7 EXCLUSION OF LIABILITY

A.7.1 The Exchange wishes to draw to the attention of Members and clients that business on the Market or through any other facility provided by the Exchange may from time to time be suspended or restricted or such facilities (including, without limit, the Market) may from time to time be closed for a temporary or longer period. Without limit, this may occur as a result of the occurrence of one or more events which require action to be taken by the Exchange under the Regulations in the interests of, inter alia, maintaining a fair and orderly market. Any such action may result in the inability of one or more Members and through such Member one or more clients to enter into contracts on the Market in accordance with the Regulations. Furthermore, a Member and through the Member one or more clients may from time to time be prevented from or hindered in entering into contracts on the Market as a result of failure or malfunction of communications equipment or trading facilities including but not limited to the ICPE ETSPlatform, or front end application supplied to the Member by the Exchange or any other person. Unless otherwise expressly provided in the Regulations or in any other agreement to which the Exchange is party, neither the Exchange nor its officers, employees, agents or representatives shall be liable to any Member or client for any loss, damage, injury or delay (including any indirect or consequential loss, including without limitation, any loss of profit) arising from or in connection with the trading facilities including but not limited to IPE ETS or the occurrence of a temporary or longer suspension, restriction or closure of business on the Market or the trading facilities including but not limited to the ICPE ETSPlatform or any act or omission of the Exchange, its officers, employees, agents or representatives under the Regulations or pursuant to the Exchange's obligations under statute or from any breach of contract by or any negligence howsoever arising of the Exchange, its officers, employees, agents or representatives which may prevent or hinder a Member or, through a Member, a client from entering into or closing out a Contract or otherwise affect a Member or client.

A.7.2 Rule A.7.1 shall be without prejudice to the provisions of the IPE-ETSElectronic User Agreement regarding liability of the Exchange. Nothing in Rule A.7.1 shall operate to exclude the Exchange's liability for death or personal injury resulting from negligence or for fraud.

C.6.2

(c) Where a Member has executed for a client on the same day one or more orders (either buy or sell but not together) for the same contract, contract month (and in the case of options the same strike

price and either calls or puts, but not both together), the Contracts made with the client referred to in paragraph (a) above may be reported to the client at an average price provided that:

- (ii) the formula used by the Member to calculate the average price before any rounding occurs is the trade weighted average set out in ~~IPE-ETS~~ Trading Procedure 2.4.14 (a), (b) and (c);

C.12.6 The provisions of Rules C.12.2, C.12.3 and C.12.4 shall be without prejudice to the rights of the Exchange under Rule D.7.2. Rules C.12.3 and C.12.4 shall not apply to any enquiry or inspection made under the Default Rules in respect of a defaulter.

The provisions of the Rules in C.12 shall be without prejudice to the provisions of the ~~IPE-ETS~~ Electronic User Agreement.

Sanctions

E.4.11 The sanctions which may be imposed on a person subject to the Regulations by a Disciplinary Panel shall not exceed the following:-

- (h) a recommendation to the Directors that they expel a Member from membership of the Exchange, or in the case of other persons subject to the Regulations, permanently remove their right to access the premises or the trading facilities of the Exchange under Rule ~~BB~~.7.1(a);

Where a person subject to the Regulations is expelled pursuant to Rule ~~BB~~.7.1(a) or has any or all of his rights of membership suspended pursuant to Rule ~~BB~~.7.1(b) or Rule ~~BB~~.7.2 (as applicable), the Directors or the Authorisation, Rules and Conduct Committee may make such directions;

- (i) as they think fit in respect of his open Contracts (including without limitation directions for the reduction, transfer or elimination of them);
- (ii) to the effect that where a person subject to the Regulations is expelled, they may reapply for registration with the Exchange at any time after the date specified in the Notice of Sanction. Such reapplication will only be considered if all costs and fines associated with the Notice of Sanction are paid in a timely fashion.

E.7.2 The ~~IPE~~ Trading Committee and the compliance officer acting together or independently or such other persons as may be duly authorised by the Authorisation, Rules and Conduct Committee may take summary disciplinary measures, including without limitation the imposition of fixed penalty fines and fixed terms of exclusion from the Market (or any part thereof), in respect of any infringement, contravention or failure mentioned in Rule E.7.1. The Directors, or the ~~IPE~~ Trading Committee and the compliance officer acting together under the authority of the Authorisation, Rules and Conduct Committee, may from time to time by circular or other written notice to Members prescribe the procedure governing the taking of summary disciplinary measures under this Rule, any procedure for appeal and any other matter incidental thereto, including the limitation of summary measures either generally or in particular classes of case.

E.7.4 Any summary decision of the Authorisation, Rules and Conduct Committee, the ~~IPE~~ Trading Committee or the compliance officer shall be posted on the Market and circulated to the compliance officer of Member firms and to Individual Participants.

E.8 MARKET OFFENCES

A person subject to the Regulations is prohibited from doing any act which may bring the Exchange into disrepute. Such acts as may include, but are not limited to:-

- (n) any act which in the opinion of a member of the Exchange's secretariat, a Director or a member of the ~~IPE~~ Trading Committee may be prejudicial to the good reputation of the Exchange; and
- (o) any other act prescribed under this Rule by the ~~IPE~~ Trading Committee and/or the compliance officer acting together or independently.

E.10 OTHER OFFENCES

(d) **Gas Oil Contract**

- (iii) A Member who has been notified of the imposition of a fixed fine under Rule E.10(d)(ii)(aa) may in respect of a fine issued in respect of a category 1, 2 or 3 offence (as set out in the Schedule of Common Offences - Delivery Conduct in Appendix 1 to the Regulations), require the matter to be referred by way of appeal to the Authorisation, Rules and Conduct Committee. A Member shall lodge a notice setting out the grounds of his appeal within 5 Business Days of the date of such notice. An appeal shall be heard by the Authorisation, Rules and Conduct Committee and it shall make such finding as shall be appropriate and may affirm, vary or quash any fine imposed. The decision of the Authorisation, Rules and Conduct Committee on an appeal shall be final. ~~IPE-ETS~~ Trading Procedures 10.3 (d) and (e) (where applicable) shall apply to such appeal.

F.1 REGISTRATION WITH CLEARING HOUSE

- (a) Contracts entered into the ~~IPCE EFPPlatforms~~ by clearing members pursuant to Rule ~~B.B.9.2~~ or Rule ~~B.B.9.5~~ shall be passed to the Clearing House in their own names, initially.

F.3 TRANSACTION RECORDS

- (e) The provisions of the Rules in F.3 shall be without prejudice to the provisions of the ~~Electronic IPE ETS~~ User Agreement regarding record keeping which shall supplement the Rules in F.3.

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

- (b) EFPs and EFSs are not subject to Section 1 and Section 2 of the ~~IPE-ETS~~ Trading Procedures.
- (f) An EFP or EFS whose price falls within either of the following parameters can be registered, subject to the right of the Clearing House to refuse registration, with the ~~IPE-ETS~~ Market Supervisor directly:
- (i) between the highest and lowest traded prices for the contract month for the day at the time of the request for registration; or
- (ii) within a maximum price movement (as set out in an Exchange circular from time to time) from the previous Trading Day's settlement price for that contract month.

F.5.A EXCHANGE FOR SWAP TRANSACTIONS OTHER THAN THOSE TO WHICH RULE F.5 APPLIES

F.5A.3 Electronic Entry EFSs are not subject to Rule.F.5 and Section 1 and Section 2 of the ~~IPE-ETS~~ Trading Procedures.

F.5A.4 Details of Electronic Entry EFS transactions, with the exception of price, shall be displayed on ~~the IPCE ETSPlatform~~ and made available during the Trading Day.

F.7. BLOCK TRADE FACILITY

Minimum Volume Thresholds

F.7.2

- (c) The Exchange may determine from time to time a lower minimum volume threshold for Block Trades involving Complex Strategies. For the purposes of this Rule, two or more contract months and/or strike prices comprising a non-standard strategy which cannot be entered into the IPCE ETSPlatform as a single contingent order shall be termed a Complex Strategy. The Exchange shall notify Members from time to time of those strategies which are recognised by the Exchange as Complex Strategies.

Submission for registration

- F.7.6 Once a Block Trade has been organised the Members must submit the Block Trade details to the Exchange in accordance with IPE-ETS Trading Procedure 17.

SECTION G - TRADING

- G.2F Contracts Traded by Members on the IPCE ETSPlatform
G.6.A IPE-ETS Matching Orders

G.2 TRADING PROCEDURES

- (a) The Directors, or the compliance officer, may from time to time by circular or other written notice to Members prescribe procedures governing trading on the IPCE ETSPlatform and the registration of EFPs, EFSs and Block Trades on the Market.

G.2F CONTRACTS TRADED BY MEMBERS ON THE IPCE ETSPLATFORMS

An order executed on the IPCE ETSPlatform by a Member shall give rise to Contract(s) in accordance with Rule B.9.

G.3 VALIDITY OF CONTRACTS

- (a) To be a valid Contract made on the Market, the Contract must be:
- (i) executed on the IPCE ETSPlatform only by a registered Responsible Individual using his appropriate ITM and, in the case of an Emission Contract, only where the Member to whom the Responsible Individual is registered, is a holder of an Emissions Trading Privilege; and
 - (ii) executed in accordance with either Rule G.5 or G.6.A; or
 - (iii) expressly authorised by the Exchange in its absolute discretion pursuant to IPE-ETS Trading Procedure 8.5; or
 - (iv) expressly authorised by the Exchange in its absolute discretion.

G.5 ORDERS GIVEN ON A NOT HELD BASIS

A Member given an order to work on a not held basis has discretion to work the order in the best interests of the client. The exact terms of this discretion are not prescribed by the Exchange but will be agreed between each Member and its individual clients.

A Member may only work an order on a not held basis when he has specific instructions to do so. Any arrangements to work all of a particular client's orders on a not held basis should be supported by prior agreement. However, irrespective of whether an order is being worked on a not held basis, Members are required to immediately execute the order on IPE-ETS the ICE Platform should the order become capable of execution. It shall be an offence to withhold an order which is capable of immediate and full execution for the purpose of soliciting matching business.

G.6 A ~~IPE ETS~~ MATCHING ORDERS

G.6A.1 Matched Orders

A cross trade is defined either as a single trader simultaneously executing matching buy and sell orders, or by separate traders registered with the same Member trading together. There is no cross trade facility in ~~IPE ETS~~[the ICE Platform](#).

Where a Member holds matching orders which have not previously been entered into ~~IPE ETS~~[the ICE Platform](#) from one or more clients or wishes to match a client order with an order where a Member is acting in a proprietary capacity, he shall enter both orders as separate bid and offer orders. Where a Member wishes to match a client order with an order where that Member is acting in a proprietary capacity, he shall enter the client order first. The usual time and price priority shall apply and such orders may be filled by existing orders. The compliance department shall monitor trades made by the Member resulting from the simultaneous entry of bid and offer orders which are not filled by existing orders.

G.7 PRIORITY OF ORDERS

- (a) A Member undertaking business on his own account or on account of a director, employee, Responsible Individual, or trader of the Member as well as on account of other clients shall always give priority to the orders of such other clients. However, this Rule does not require Members with house or other proprietary orders already entered in ~~IPE ETS~~[the ICE Platform](#) when a client order is received at the same price, to give precedence to that client order.

G.8 DISCLOSURE, WITHDRAWAL AND WITHHOLDING OF ORDERS

G.8.5 In the case of orders to be shown on ~~IPE ETS~~[the ICE Platform](#):

- (a) All orders must be entered into ~~IPE ETS~~[the ICE Platform](#) in full (but not necessarily shown in full) upon receipt by the Member and designated as active unless:
- (i) the order gives the Member discretion as to the time when the order is to be displayed on ~~IPE ETS~~[the ICE Platform](#), in which case such order must be entered immediately into ~~IPE ETS~~[the ICE Platform](#) in full but can be designated as inactive until the Member exercises his discretion when the order must immediately be shown on ~~IPE ETS~~[the ICE Platform](#) by being designated active;
 - (ii) the Member has discretion to vary the price of the order, in which case such order must be entered immediately in full and designated active for the base price. When the Member exercises his discretion in relation to the change, the order must be amended immediately;
 - (iii) the order is subject to a condition which requires the Member to withhold the order in line with the client's requirements, in which case the order must be entered immediately in full but can be designated inactive until the condition is met when it must immediately be shown on ~~IPE ETS~~[the ICE Platform](#) by being made active;
 - (iv) the client has given the Member instructions to work an order on a not held basis.
- (b) Any order designated active in ~~IPE ETS~~[the ICE Platform](#) must be entered to show at least the minimum quantity as determined by the Directors from time to time.
- (c) A Member may only disclose any order to other clients once all or part of the order has been displayed on ~~IPE ETS~~[the ICE Platform](#) in accordance with G.8.2 unless the order is being worked on a not held basis.

TRADERS

G.10 QUALIFICATION TO TRADE ON THE MARKET

- (a) A person wishing to register as a Responsible Individual with the Exchange for the purpose of conducting ~~IPE~~Exchange business on the ~~IPE-ETS~~the ICE Platform must be:
 - (i) a person employed by or representing a Member who has permission to access the ~~IPE-ETS~~ICE Platform pursuant to Rule ~~BB~~.6; and
 - (ii) in relation to an Individual Participant, the individual identified in Rule ~~BB~~.3.2(a)(i).
- (b) Before the Exchange will register a person as a Responsible Individual, a person intending to be a Responsible Individual must attend and complete such training course in the use of ~~IPE-ETS~~the ICE Platform, and pass such written or practical examination or assessment as is for the time being prescribed under this Rule by the Exchange.

Paragraph G.10(b) shall, at the discretion of the Exchange, have no application to a Responsible Individual who is a trader registered with the Exchange before it comes into effect.

- (c) A Member must first register a person with the FSA as an approved person if that person is to arrange Block Trades with an intermediate customer or market counterparty.

G.11 LIMITATION ON MEMBERS' TRADING STAFF

- (a) A General Participant or Trade Participant may register any number of Responsible Individuals for the purpose of trading on the ~~IPE-ETS~~ICE Platform without limitation on the number of Responsible Individuals who may have access to the ~~IPE-ETS~~ICE Platform at any one time, subject to the requirements of Rule ~~BB~~.11 and the Regulations generally.
- (b) An Individual Participant may register only one Responsible Individual for the purpose of trading on the ~~IPE-ETS~~ICE Platform which must also be the individual identified in Rule ~~BB~~.3.2(a)(i), subject to the requirements of Rule ~~BB~~.11 and the Regulations.

G.13 PRICE LIMITS

G.13.2 For a Contract trading on ~~IPE-ETS~~the ICE Platform: -

- (a) The Exchange may implement procedures to establish the maximum price fluctuations on the Market in respect of each product, and to provide for any consequential restriction or suspension of business.
- (b) The absence of such procedures shall not prevent the exercise of any other power under the Articles or the Regulations to curtail or suspend trading on the Market.

G.14 EMERGENCY CLOSURES

- (a) Trading on the Market may be temporarily suspended by an Exchange official in the event of a fire alert, bomb scare or other alarm or in such other event which in the opinion of the Exchange official suspension of trading is necessary in the interests of the Exchange, or its Members, or to maintain a fair and orderly market. Trading will be resumed as soon as reasonably practicable following any such interruption.
- (b) The Head of Market Supervision or his designated deputies may declare that trading on the ~~IPE-ETS~~ICE Platform has been suspended and will remain so until all the consequences of such an event have been remedied to their satisfaction. If, as a result of action under (a) above trading in respect of any contract may not be resumed before the end of the trading session, or at a time which, in the opinion of the Head of Market Supervision or his designated deputies, would leave sufficient time

before the end of the trading session as would allow the determination of a representative settlement price, the Head of Market Supervision or his designated deputies will either:

- (i) declare the trading session suspended and determine the settlement prices; or
- (ii) refer the matter to the designated Exchange senior management official who may declare that trading continues on the Telephone Trading market pursuant to Rule G.18.

G.15 TRADING DISPUTES

If a Contract made or alleged to be made on ~~IPE-ETS~~ the ICE Platform is the subject of a dispute on the day of trade, then the Member (who need not be party to such Contract) who disputes the validity of such Contract shall notify the Market Supervisor of his dispute within such period of time as the Exchange may specify.

Once notified the Market Supervisor shall, in his absolute discretion determine whether such a disputed trade shall be cancelled and the Market advised accordingly. The party who disputes the validity (and where that party is not party to the Contract, the parties to the disputed Contract) shall be notified of the determination.

The Exchange may, depending on the circumstances of each disputed trade and at its absolute discretion, apply or vary procedures pursuant to ~~IPE-ETS~~-Trading Procedure 11 in its determination to cancel a trade on the basis of the price being an unrepresentative price.

The Exchange may investigate any disputed trade which is subsequently cancelled due to the determination of the Market Supervisor that it was executed at an unrepresentative price.

G.16 ORDER RECEIPT

- (d) In the case of order routing the Member must ensure that there is an adequate audit trail of submission of orders to the Trading Server and that their systems arrangements meet the IPEExchange requirements for orders and that their front end applications meet the Exchange's front end application conformance criteria.

G.17 OPEN INTEREST

G.17.1 A Member's open interest in any ~~IPEExchange~~ -futures contract or series of an option contract, is the number of lots, long or short, which the Member holds either for his own account or on behalf of clients (including group and associated companies) which will either be:

- (a) offset by trading out in the Market; or
- (b) in the case of options, exercised or held to expiry; or
- (c) in the case of futures, offset by the exercise of a relevant option; or
- (d) in the case of futures, taken to delivery or cash settlement.

G.17.2 The open interest figures published daily by ~~the Exchange~~IPE are calculated on the basis of the number of contracts held by Members which remain open.

G.17.6 Once positions have been settled out, they may not subsequently be re-opened by Members themselves other than by trading in the Market, except that Members wishing to re-open positions in order to effect deliveries on behalf of clients or otherwise may apply to ~~IPE~~the Exchange for permission to do so.

G.18 TELEPHONE TRADING

G.18.4 (c) Only clearing members may submit Telephone Trading contracts directly to the IPEExchange in accordance with Rule G.18.9.

Trade Execution

- G.18.7 In executing business in the Telephone Trading market, Members are required to act with due skill, care and diligence, in the best interests of their clients and in accordance (where applicable) with the [IPE-ETS](#) Trading Procedures, and Sections E and G of the Regulations.

G.21 BRENT AFTERNOON MARKER

The Brent Afternoon Marker is determined and published daily by the Exchange. It is the trade weighted average price (calculated as detailed in [IPE-ETS](#) Trading Procedure 2.4.14) of the IPE_Brent Crude futures Contract trades executed during the one minute period between 16.29 and 16.30 hours, or any other period determined by the Exchange from time to time. The Exchange may, in its absolute discretion, vary the means of calculation of the Brent Afternoon Marker or exclude trades from the calculation of the Brent Afternoon Marker if the Exchange feels it is in the best interests of the Exchange to do so.

N.7 PREMIUM

- (c) In respect of each strike price of each product and contract month, an official settlement premium will be established in accordance with section 2.4.9 of the [IPE-ETS](#) Trading Procedures.

S.5 TRADE NOMINATIONS

In respect of each Contract:

- (c) where a Seller (or its Transferor) or a Buyer (or its Transferee) has for a delivery day(s) obligations to submit nominations to BG TransCo to dispose of or acquire rights to Natural Gas both under an [IPEExchange](#) Contract and under one or more contracts other than an [IPEExchange](#) Contract for which the Clearing House is submitting Disposing and/or Acquiring Trade Nominations, the number of kWh contained in a nomination submitted pursuant to (a) or (b) above shall, in order to comply with TranCo Rules and UK/AT Link procedures, comprise of kWh in respect of all such obligations; such number shall be as specified by the Clearing House; and

T.6 LCH CONVERSION NOTIFICATION

- (b) Where a Seller or a Buyer:

- (i) also has delivery obligations under one or more contracts other than an [IPEExchange](#) Contract where the Clearing House is the counterparty to such contract(s) and submission of Acquiring and/or Disposing Trade Nominations is required and
- (ii) nominates the same Transferor or Transferee (as the case may be) for the [IPEExchange](#) Contract and one or more contracts other than an [IPEExchange](#) Contract,

the Clearing House shall, in addition to the notification in (a) above, notify the Seller (and its Transferor) and the Buyer (and its Transferee) of the aggregated total of kWhs in respect of the delivery obligations under the [IPEExchange](#) Contract and under any contract other than the [IPEExchange](#) Contract. Such notification shall be in a manner and by a time prescribed in the Clearing House procedures. The amount so notified shall be the quantity of rights in respect of Natural Gas to be transferred on the Delivery Day under an [IPEExchange](#) Contract and any contract other than an [IPEExchange](#) Contract and shall be the Trade Nomination Quantity specified in the Disposing or Acquiring Trade Nominations pursuant to Rule T.7(a)(v) or Rule T.7(b)(v).

W.3 OTHER DEFINITIONS

“EFA Calendar” means the Electricity Forward Agreement calendar (or any [IPE Exchange](#)

approved industry recognised successor calendar) on which groups of Individual Day Contracts may be based.

~~IPE-ETS~~ TRADING PROCEDURES

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SECTION 1: TRADING

1. ACCESS TO THE ELECTRONIC TRADING SYSTEM

- 1.1 Access by a Member to ~~IPE-ETS~~ ~~the ICE Platform~~ may only be obtained during the hours determined by the Directors from time to time.

A Member shall not enter orders into or make trades through the ~~IPE-ETS~~ ~~ICE Platform~~ for Emission Contracts unless the Member is the holder of an Emissions Trading Privilege.
- 1.2 A Member may access the Trading Server by using the front end application provided by ~~IP the Exchange~~ or by using, where available, any other front end application developed by the Member or provided by an ISV which meets all the conformance criteria determined by the Exchange from time to time.
 - 1.2.1 A Member shall not enter orders into or make trades through the ~~IPE-ETS~~ ~~ICE Platform~~, or perform any supervisory role except through one or more individuals registered with the Exchange as Responsible Individuals pursuant to ~~IPE-ETS~~ Trading Procedure 14.

1.2.2 Where a Member uses a front end application other than that provided by ~~IPE-ETS~~the ICE Platform, trading may also be conducted by other individuals within the Member, provided such individuals are suitable and adequately trained in accordance with ~~IPE-ETS~~ Trading Procedure 1.5. These traders may only submit orders under the ITM (s) of a Responsible Individual registered to the Member and under his supervision.

1.3 In order to gain access to ~~IPE-ETS~~the ICE Platform for the purpose of entering an order, making a trade or performing a supervisory role, a Responsible Individual must:

- (a) be registered by a Member with the Exchange as a Responsible Individual;
- (b) use the ITM, log on and password allocated to him by the Exchange;
- (c) be able to obtain the use of his Member's ~~IPE-ETS~~ICE Platform workstation and to enter orders, make trades or perform a supervisory role in accordance with the ~~IPE-ETS~~ICE Platform User Guide or where the Member uses any other front end application in accordance with that front end application user guide;
- (d) be registered by the appropriate regulatory organisation if applicable.

1.4 A Member shall be responsible for:

- (a) all orders and other instructions entered and all trades made on the Market by the Member's registered Responsible Individuals or any other person, through ~~IPE-ETS~~the ICE Platform located at either the premises of the Member or such other premises as may be notified to the Exchange (whether or not the trade is authorised by the Member or permitted by or in accordance with the Regulations and these ~~IPE-ETS~~Trading procedures);
- (b) ensuring that all arrangements made and systems used in respect of business conducted on ~~IPE-ETS~~the ICE Platform and the transaction of such business itself comply with the Member's and the Responsible Individual's obligations under the Regulations.

1.5 A Member shall:

- (a) have adequate arrangements to ensure that all staff involved in the conduct of business on ~~IPE-ETS~~the ICE Platform are fit and proper, suitable, adequately trained and properly supervised;
- (b) be responsible for the acts and conduct of each such person;
- (d) establish his trading arrangements such that each Responsible Individual is able to meet the requirements set out in ~~IPE-ETS~~ Trading Procedure 1.A and that all other relevant obligations contained in the Rules and these ~~IPE-ETS~~ Trading Procedures are complied with;
- (h) register with the Exchange, in accordance with Exchange requirements from time to time in force, any front end application or order routing system intended to be used in respect of ~~IPE-Exchange~~ business and only operate such front end application or order routing system which complies with ~~IPE-Exchange~~ Conformance criteria with the prior written approval of the Exchange, in respect of business conducted on ~~IPE-ETS~~the ICE Platform.

1.6 A Member who has access restricted to view price data only, may access ~~IPE-ETS~~the ICE Platform through individuals who are not Responsible Individuals.

1.A THE RESPONSIBLE INDIVIDUAL

1A.2 Where a Member uses a front end application (which meets the Conformance criteria) other than that provided by ~~IPE-ETS~~the ICE Platform, trading may also be conducted by other individuals within the Member, at the discretion of the Member, provided such individuals are fit and proper, suitable and adequately trained in accordance with ~~IPE-ETS~~ Trading Procedure 1.5. These traders may only submit orders under the ITM(s) of a Responsible Individual registered to the Member, and under his supervision.

1A.3 Where a Member uses a front end application (which meets the conformance criteria) other than that provided by ~~IPE-ETS~~the ICE Platform and access is granted by the Member to clients (order routing) the Member must

ensure that client orders are submitted under an ITM assigned to a Responsible Individual and under the relevant Responsible Individual's supervision.

1A.4 A Responsible Individual must:

- (a) pursuant to ~~IPE ETS~~ Trading Procedure 1.5(a), be adequately trained and fully conversant with the ~~IPE Exchange~~ Regulations, Contract Rules and ~~IPE ETS~~ Trading Procedures;
- (b) be assigned at least one ITM, and a valid password for each, by the Exchange; and
- (c) pursuant to ~~IPE ETS~~ Trading Procedure 3.1.4, conduct all telephone conversations on audio logged lines.

2. TRADING

2.1 Pre-Trading Session for Contracts other than Options

Prior to commencement of a trading session for a Contract for such period as may be specified by the Exchange, a Member may enter new limit orders into, and may vary or cancel such orders, in the order book held on the ~~IPE ETS~~ ICE Platform workstation. Market orders may not be entered during this pre-trading session.

All limit orders which are designated as active are included in the opening match at the end of the pre-trading session.

Throughout the pre-open session an uncrossing algorithm will run at one minute intervals and will provide indicative opening prices to all workstations of individuals logged on at that time.

Reasonability checks are not performed during this period.

2.2 Commencement of a Trading Session

2.2.1 The commencement of a trading session for a Contract will be indicated by the display of the 'open' indicator in accordance with the ~~IPE ETS~~ ICE Platform User Guide or user guide of any front end application used by the Member.

2.3 Termination of a Trading Session

2.3.1 The termination of a trading session for a Contract will be indicated by the display of the 'closed' indicator in accordance with the ~~IPE ETS~~ ICE Platform User Guide or user guide of any front end application used by the Member. No further orders can be entered or trades made until the commencement of the next pre-trading or trading session for such Contract as the case may be.

2.4 Settlement Price Procedures

2.4.4 Where the total number of lots traded during the closing period is fewer than the level determined by the Exchange from time to time, an Unofficial Settlement Price will be determined by a Market Supervisor as set out below.

The Unofficial Settlement Price for a Contract shall be, at the discretion of the Market Supervisor, either:

- (a) a Quoted Settlement Price ("QSP") which is an average of quoted prices for specific contract dates provided daily by market participants.

Where the settlement price so established would be below a final valid bid or above a final valid offer equal to or greater in size than the level determined by the Exchange and made in the closing period, the settlement price shall be the final valid bid or offer of such size closest to the QSP.

QSPs may be used to interpolate QSPs for those contract dates for which no quoted prices are received from market participants or for which no bid or offer quotes are made; or

- (b) a price determined by the Market Supervisor taking account of previous Trading Day's settlement prices, bids and offers, spread values during ~~IPE-ETS~~the ICE Platform trading session, activity in other contracts or groups of contracts, and/or in a related market, and/or other prices that are recorded by the Exchange or any other factors considered relevant.

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

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

Settlement Procedure for Contracts other than Utility, Emission and Options Contracts

2.4.6

In determining whether the calculated settlement prices are an accurate reflection of prevailing values the Market Supervisor shall take into account:

- (a) the number of lots and prices traded on ~~IPE-ETS~~the ICE Platform during the designated settlement period;

- 2.4.8 Fifteen minutes after the display on ~~IPE-ETS~~the ICE Platform of the Unofficial Settlement Prices for a Contract, or the corrected Unofficial Settlement Price amended in accordance with procedure 2.4.12, such prices shall become the Official Settlement Prices for such Contract.

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

- 2.4.11 Fifteen minutes after the display on ~~IPE-ETS~~the ICE Platform of the Unofficial Settlement Prices for a Contract, or the corrected Unofficial Settlement Prices amended in accordance with procedure 2.4.12, such prices shall become the Official Settlement Prices for such Contract.

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

2.5 'Settlement' Trades

- 2.5.2 Settlement trades are executed at a price of zero representing the settlement price in ~~IPE-ETS~~the ICE Platform but appear in TRS as unmatched trades with prices determined by the Exchange from time to time as representing the settlement price. This price is replaced by the Official Closing Price by Exchange staff.

2.6 Brent Afternoon Marker Trades

Brent Afternoon Marker Trades may be executed daily in ~~IPE-ETS~~the ICE Platform up to ten minutes prior to 17.29 hours (or any other period or time determined by the Exchange from time to time).

Brent Afternoon Marker Trades are displayed in ~~IPE-ETS~~the ICE Platform with a price of zero representing the Brent Afternoon Marker but appear in TRS as unmatched trades with prices determined by the Exchange from time to time as representing the Brent Afternoon Marker. This price is replaced with the Brent Afternoon Marker by Exchange staff.

No amendment of the price of the Brent Afternoon Marker Trade may be made by Members.

3. ORDERS

3.1 Order Slips and Records of Trades

3.1.1 (a) A Member is responsible for ensuring that an order received from a client for execution (including an order for a Block Trade) during a trading session for a Contract on [IPE-ETS](#)[the ICE Platform](#) (whether such order is received before or in the course of a trading session on [IPE-ETS](#)[the ICE Platform](#)) is recorded on an order slip or entered into an electronic order system as soon as received.

3.1.2 The order slip or electronic record of an order must contain the following information:

- (a) Member identification;
- (b) identity of individual submitting the order to the Trading Server and the ITM under which it is submitted;
- (c) identity of the individual completing the order slip;
- (d) client identification/reference (a code is sufficient) ;
- (e) buy/sell;
- (f) volume;
- (g) contract;
- (h) put/call and exercise price (if applicable);
- (i) delivery/expiry month;
- (j) price, price limit, or price range;
- (k) any special instructions (including whether the order is a Block Trade order);
- (l) strategy type indicator (if applicable); and
- (m) time stamp.

Every alteration to the order (including withdrawal or cancellation) shall be time-stamped or recorded electronically.

Members must ensure that where they operate any electronic system which submits orders directly to [IPE-ETS](#)[the ICE Platform](#) (e.g. order routing systems) their systems arrangements are compatible with the Exchange requirements for orders and meet the Exchange's front end applications conformance criteria.

3.1.3 The order slip or electronic record of the order together with the relevant [IPE-ETS](#)[ICE Platform](#) trade records must be retained by the Member for a minimum period of three years after the date of the transaction.

3.2 Input, Cancellation and Variation of Orders

3.2.1 All orders (except Block Trade orders) shall be entered into [IPE-ETS](#)[the ICE Platform](#) in accordance with and in a form permitted by the Regulations and in the manner set out in the [IPE-ETS](#)[ICE Platform](#) User Guide, or user guide of any approved front end application used by the Member.

Orders in respect of Utility contracts shall be in a multiple of the minimum trading size as determined by the Directors from time to time.

3.2.2 Orders entered into ~~IPE-ETS~~the ICE Platform may only be activated, (including reactivated), deactivated, cancelled, withdrawn or varied prior to the execution of the same in accordance with and in a form permitted by these ~~IPE-ETS~~ Trading Procedures and the ~~IPE-ETS~~ICE Platform User Guide, or user guide of any front end application used by the Member, or in such other manner or circumstances as the Directors may determine from time to time.

3.2.4 The Directors shall from time to time implement such systems and procedures as it considers appropriate to require that Responsible Individuals who have entered orders into ~~IPE-ETS~~the ICE Platform shall promptly advise Market Supervision in the event that information relating to such orders or any trades resulting from the execution of any such order is not displayed or is displayed erroneously.

3.3 Validity of Orders

3.3.1 A Member's order entered in ~~IPE-ETS~~the ICE Platform will remain valid:

- (a) until accepted in full in accordance with these ~~IPE-ETS~~ Trading Procedures (in the event of acceptance of part of an order the size of the order will be correspondingly reduced);
- (b) until deactivated or withdrawn by the Member;
- (c) until the price, volume or contract date of such order is varied by the Member creating a new order;

(Note: an increase in volume will constitute a new order; a decrease in volume will retain the time and price priority of the original order.)

- (d) if it is entered under the ITM of an individual registered as a Responsible Individual authorised to conduct business on ~~IPE-ETS~~the ICE Platform;
- (e) until the order is deactivated at the end of the trading session for a Contract or the order is cancelled as a result of a condition attached to the order in accordance with ~~IPE-ETS~~ Trading Procedure 3.4.1;
- (f) unless it is cancelled by the Exchange under ~~IPE-ETS~~ Trading Procedures 3.9.1. or 3.11;
- (g) unless it is an order for an Emission Contract where the Member is not the holder of an Emissions Trading Privilege.

3.4 Types of Orders

3.4.1 Bids and offers may be entered into ~~IPE-ETS~~the ICE Platform. ~~IPE-ETS~~The ICE Platform recognises and processes 'Limit', and "Market" orders as set out in the ~~IPE-ETS~~ICE Platform User Guide, or user guide of any front end application used by the Member and any other order type as advised by the Exchange from time to time. Where no order type is specified, the order is treated as a limit order.

3.6 Restrictions of Orders

3.6.1 Where a Member receives from a single client matching or partly matching orders (which are not Block Trade orders) to both buy and sell a number of contracts at the same price level, the Member shall immediately enter both bid and offer orders but cannot guarantee that the orders will both be executed as other orders in the system may have time priority. ~~IPE-The Exchange~~ is not a 'held' market and Members cannot be called upon to provide an execution for their clients merely on the basis that market prices reached or surpassed the level of an order.

Members are required to enter matching orders in accordance with Rule G.6 A.

3.8 Order Execution and Recording of Trades

3.8.1 Every trade made on ~~IPE-ETS~~the ICE Platform shall be executed in accordance with and in a form permitted by these Regulations, ~~IPE-ETS~~ Trading Procedures and set out in the ~~IPE-ETS~~ICE Platform User Guide, or user guide of any front end application used by the Member, and any direction, order or other procedure issued or implemented by the Exchange from time to time.

3.8.2 A trade is executed in ~~IPE-ETS~~the ICE Platform when the following conditions occur:

- (a) one order is a bid and the other an offer;
- (b) the two orders are for the same Contract and contract date;
- (c) the price of the bid (offer) order equals or is greater (lesser) than the price of the offer (bid).

All orders entered and activated are queued by time of entry or amendment and matched on a first-in-first-out price and time priority basis.

3.8.4 Details of each trade made on ~~IPE-ETS~~the ICE Platform by a Member will be recorded by the Exchange and confirmation of the trade will be displayed on the ~~IPE-ETS~~the ICE Platform for each Member party to the trade and such trade shall be transmitted to TRS.

3.8.5 The Exchange shall from time to time implement, with the agreement of the Clearing House, procedures to ensure that trades which are made on ~~IPE-ETS~~the ICE Platform which are to be reported to the Clearing House for registration and clearing are so reported.

3.8.6 Failure of ~~IPE-ETS~~the ICE Platform to broadcast any message in respect of an order book, order or any part thereof, or a trade made on ~~IPE-ETS~~the ICE Platform shall not invalidate any trade recorded by the Exchange.

3.8.7 In the event that ~~IPE-ETS~~the ICE Platform or any part of ~~IPE-ETS~~the ICE Platform fails, the Exchange's determination that a trade has or has not been made on ~~IPE-ETS~~the ICE Platform shall be conclusive and binding. Such determination shall be made by the Market Supervisor.

3.9 Cancellation of Trades

3.9.1 Market Supervision may on the suspension of a Contract from trading on the Market under these Regulations, cancel or amend any executed trades for such Contract which were made on ~~IPE-ETS~~the ICE Platform. Market Supervision may in accordance with the Default Rules, cancel any order for a Contract in ~~IPE-ETS~~the ICE Platform which is awaiting execution or cancel any trade in respect of a Contract made on ~~IPE-ETS~~the ICE Platform.

3.9.2 Once a bid or offer has been matched in whole or in part and gives rise to a trade there is no right of withdrawal subject to ~~IPE-ETS~~-Trading Procedure 11 below.

3.10 Spread and Strategy Trading

If a trader wishes to quote or trade a spread, or in the case of option contracts if a trader wishes to quote or trade a strategy, he must do so in accordance with the ~~IPE-ETS~~ICE Platform User Guide, or user guide of any front end application used by the Member, and adhere to the Regulations and to the ~~IPE-ETS~~-Trading Procedures.

3.11 Validity of Trades

3.11.1 Invalid Trade

Notwithstanding the reasonability limit, where applicable, a Contract made or purported to be made on ~~IPE-ETS~~the ICE Platform may be declared invalid by the Exchange in the circumstances set out below.

(a) **Unrepresentative price**

Where the Exchange determines that a trade has taken place at an unrepresentative price, it may declare that trade invalid at its absolute discretion.

Criteria which may be taken into account when determining whether a trade should be invalidated include, without limitation the following:

- (iv) information regarding price movement in related Contracts, the release of relevant news just before or during an ~~IPE-ETS~~the ICE Platform trading session;

(b) **Breach of the Regulations**

Where the Exchange determines that a trade has been made in breach of the Regulations or the ~~IPE-ETS~~Trading Procedures, it may declare that trade invalid.

3.11.2 **Deletion of a Trade**

An invalid trade will be removed from TRS, may be removed from the trading server and may be displayed in ~~IPE-ETS~~the ICE Platform as a deleted trade.

3.11.3 **Notification to Member**

When a trade is declared by the Exchange to be an invalid trade and is deleted from TRS the parties to the trade will be notified by Market Supervision of that fact and a message will be broadcast on ~~IPE-ETS~~the ICE Platform announcing the Contract, contract date and price level of the invalid trade.

4. ~~IPE-ETS~~THE ICE PLATFORM MARKET NOTICES AND DISPLAY OF OTHER MESSAGES

4.1 An ~~IPE-ETS~~ICE Platform Market Notice shall be broadcast on ~~IPE-ETS~~the ICE Platform and be circulated in writing to all Members.

4.2 Members may be notified of other Market related information by electronic display of a message on ~~IPE-ETS~~the ICE Platform. Any such information shall have effect at the time it is transmitted or at such time as may be stated in the message. The validity and effect of such information shall not be diminished or delayed solely by it being temporarily deleted from display on one or more ~~IPE-ETS~~ICE Platform workstations or delayed, whether by reason of any equipment, communications or otherwise.

4.3 Members will be notified of the price and volume of a Block Trade by electronic display of a message on ~~IPE-ETS~~the ICE Platform.

5. RESPONSIBILITIES OF MARKET SUPERVISION

5.1 Designated Exchange officials (Market Supervision Officials) in the ~~IPE-ETS~~ICE Platform control area shall:

- (a) monitor ~~IPE-ETS~~the ICE Platform trading sessions to ensure that trading is carried out in accordance with the Regulations and these ~~IPE-ETS~~Trading Procedures;
- (b) input corrections as specified in ~~IPE-ETS~~Trading Procedure 3.9.1;
- (c) activate/deactivate Members or any of their Responsible Individuals;
- (d) report apparent breaches of the Regulations or ~~IPE-ETS~~Trading Procedures to the Compliance Department;
- (e) correct or amend the ~~Utility contract~~ Unofficial or Official Closing Prices;
- (f) determine, delete and notify Members in respect of an invalid trade in accordance with ~~IPE-ETS~~Trading Procedure 3.11; and
- (g) have any other responsibility as may be prescribed from time to time by the Exchange.

6. ~~IPE-ETS~~ THE ICE PLATFORM BACK UP FACILITIES

- 6.1 In the event of a failure of one or more of a Member's ~~IPE-ETS~~ the ICE Platform workstations or failure of the supply of ~~IPE-ETS~~ the ICE Platform to one or more of the Members ~~IPE-ETS~~ ICE Platform workstations for any reason the Member is advised to take appropriate steps to use another Member who has access to ~~IPE-ETS~~ the ICE Platform to execute business which it would have conducted on ~~IPE-ETS~~ the ICE Platform had he been able to use his own ~~IPE-ETS~~ ICE Platform workstation.

Note: A Trade Participant may not provide this service for another Member. An Individual Participant may only provide this service for another Individual Participant.

8. TRADING CONDUCT

8.1 Withholding Client Orders

- 8.1.3 It shall be an offence to represent to a client that he has entered into an ~~IPE-Exchange~~ contract executed otherwise than in accordance with the Regulations.

8.3 Pre-Arranged Trades

- 8.3.1 It shall be an offence for two or more Members to prearrange a trade unless it is an EFP or EFS trade posted in accordance with Rule F.5, and Section 3 of these ~~IPE-ETS~~ Trading Procedures, or a Block Trade and organised and posted in accordance with Rule F.7 and Section 4 of these ~~IPE-ETS~~ Trading Procedures.

8.5 Error Correction Facility

- 8.5.3 The Member may also be required to provide further information to demonstrate to the satisfaction of the Exchange that:

- (i) a client order was received and an attempt made, or the intention existed, to execute the order on ~~IPE-ETS~~ the ICE Platform; and
- (ii) the client was erroneously informed that the order has been successfully executed (in whole or in part) (i.e. either there was a mistaken belief that a trade had been executed which satisfied the client order or a trade had been executed but it differed from that reported to the client).

- 8.5.4 If either no trade has been executed, or a trade has been executed in the wrong direction, contract month or contract, but were a correct trade to be executed at the current market price it would be at a better price than that reported to the client, such a trade must be executed on ~~IPE-ETS~~ the ICE Platform.

- 8.5.6 Authorisation of an error correction by the Exchange does not preclude the Exchange from instigating disciplinary proceedings in the event that the trade is subsequently found to have been executed other than in compliance with the ~~IPE-Exchange~~ Regulations and ~~IPE-ETS~~ Trading Procedures or related requirements.

9. REGISTRATION OF BUSINESS

- 9.1 An EFP or EFS made pursuant to Rule F.5 and Section 3 of these ~~IPE-ETS~~ Trading Procedures, a Block Trade made pursuant to Rule F.7 and Section 4 of these ~~IPE-ETS~~ Trading Procedures and a Contract made on ~~IPE-ETS~~ the ICE Platform, must be assigned to an account, claimed or allocated to another Member within 30 minutes of receipt in TRS.

- 9.2 Allocations and account assignments on TRS must be promptly attended to in order that any discrepancies may be resolved shortly after the trade is received. The processing of the trade, including allocation, claim and assignment should be completed within 30 minutes of trade execution on ~~IPE-ETS~~ the ICE Platform or direct input of a matched EFP, EFS or Block Trade into TRS.

The Exchange may, at its discretion, vary the time by which Members must complete the processing set out in 9.1 above where the closure of TRS is less than 30 minutes after the close of trading on IPE-ETSthe ICE Platform. In such an event, the variance and the circumstances leading to the variance will be notified in advance to Members.

- 9.3 Members must ensure that at least one Member of staff with authority to resolve misallocations or deal with other trading, clearing or settlement issues remains on duty until 30 minutes after the close of trading of a Contract on IPE-ETSthe ICE Platform for that Trading Day.

11. DISPUTE PROCEDURES

- 11.1 Pursuant to IPE-ETS Trading Procedure 3.11.1(a), a Contract made or purported to be made on IPE-ETSthe ICE Platform may be declared invalid where the Exchange determines that it took place at an unrepresentative price.

The Exchange may at its absolute discretion apply these procedures in its determination to cancel a trade on the basis of the price being an unrepresentative price.

Such procedures may be varied at the Exchange's absolute discretion depending on the circumstances under which a Member (who may or may not be party to the trade) disputes the validity of a trade made or alleged to have been made on the Market.

- 11.9 Where the Market Supervisor determines that:

- (i) the alleged error trade was executed at an unrepresentative price, the Market Supervisor shall notify the party disputing the validity of the contract, the counterparty (or where the Member disputing the validity is not party to the contract, the counterparties to the trade) and the Market of the cancellation of the contract. The contract shall be removed from TRS and the Market data adjusted accordingly;
- (ii) the alleged error trade shall not be cancelled, the Market Supervisor shall notify the party disputing the validity of the contract, the counterparty (or where the Member disputing the validity is not party to the contract, the counterparties to the trade) and the Market of the determination. The contract shall stand;
- (iii) one or more contracts executed pursuant to IPE-ETS Trading Procedure 11.7 shall be cancelled, the Market Supervisor shall notify the parties to the contracts and the Market of the cancellation of the contracts. The contracts shall be removed from TRS and the Market data adjusted accordingly.

- 11.11 Criteria which may be taken into account when determining whether a Contract should be corrected or withdrawn or a new Contract created include, but are not limited to:

- (i) price movement in other contract periods of the same contract;
- (ii) current market conditions, including levels of activity and volatility;
- (iii) time period between different quotes and between quoted and traded prices;
- (iv) information regarding price movement in related Contracts;
- (v) the release of relevant news just before or during an IPE-ETSICE Platform trading session;
- (vi) manifest error as may be defined by the Exchange from time to time;
- (vii) whether one or more parties to the trade believe the trade was at a valid price;
- (viii) whether there is any indication that the trade in question triggered stops or resulted in the execution of spread trades;
- (ix) whether another Member or client relied on the price

or any other factor that the Market Supervisor in his sole discretion, may deem relevant.

13. EMERGENCY PROCEDURES

- 13.1 In the event of a failure of ~~IPE-ETS~~the ICE Platform or any part thereof the Exchange shall take such emergency procedures as set out in Rule G.14.

14. RESPONSIBLE INDIVIDUAL REGISTRATION PROCEDURES

Number of ~~IPE-ETS~~ICE Platform Trading Staff

- 14.1 A Member must register at least one Responsible Individual with the Exchange in order to access ~~IPE-ETS~~the ICE Platform to conduct ~~IPE-Exchange~~ business.

General Registration

- 14.3 A Member must register with the Exchange all staff that are required to work as Responsible Individuals.

The compliance officer of a Member wishing to register a Responsible Individual must no later than three Business Days before the intended starting day:

- (i) submit a completed Responsible Individual Registration Form;
- (ii) confirm in writing the FSA authorisation status of the individual (if applicable) and the Member firm to which he is registered;

to the ~~IPE-Exchange~~ **Membership and Contracts Department**.

The ~~IPE-Exchange~~ Membership and Contracts Department will notify the compliance officer of the Member when the individual has been registered as a Responsible Individual. The ~~IPE-ETS~~ICE Platform Supervisor will notify the Responsible Individual of his password, ITM (s) and logon details and the date from which he may access ~~IPE-ETS~~the ICE Platform to conduct ~~IPE-Exchange~~ business.

14.4 De-registration

A Member must de-register all staff who are no longer required to work as Responsible Individuals or who leave their employment.

The compliance officer of a Member who wishes to de-register a Responsible Individual must:

- (a) before the intended de-registration day give prior written notice of the de-registration to the ~~IPE-Exchange~~ **Membership and Contracts Department**;
- (b) in the event that a Member requires immediate de-registration of a Responsible Individual, (other than under 14.5) and prevention of that Responsible Individual's access to ~~IPE-ETS~~the ICE Platform to conduct ~~IPE-Exchange~~ business, the compliance officer of the Member requiring such action must notify the ~~IPE-Exchange~~ Membership and Contracts Department in writing of such request.

The Membership and Contracts department will advise the ~~IPE-ETS~~ICE Platform Supervisor who will prevent such Responsible Individuals access to ~~IPE-ETS~~the ICE Platform to conduct ~~IPE-Exchange~~ business, as soon as reasonably practicable.

Transfer of Registered Responsible Individual

- 14.5 Where an individual is registered as a Responsible Individual but wishes to transfer from one Member to another, the individual will not be permitted to work as a Responsible Individual for the new Member until:

- (a) his former Member has de-registered him in accordance with procedures 14.4 above. (Any disputes between Members relating to failure or refusal to de-register may be dealt with by reference to the Directors under Rule A.5.3).
- (b) the compliance officer of the new Member has provided the information set out in procedure 14.3 above to the **Exchange Membership and Contracts Department** no later than two Business Days before the proposed transferral date.

15. QUALIFICATION TO TRADE

- 15.1 Individuals who wish to conduct business on ~~IPE-ETS~~the ICE Platform, must be registered as Responsible Individuals in accordance with Responsible Individual registration procedures pursuant to ~~IPE-ETS~~ Trading Procedure 14 or be under the supervision of a Responsible Individual.

Members must have adequate arrangements to ensure that all staff involved in the conduct of business on ~~IPE-ETS~~the ICE Platform are adequately trained and fully conversant with the Regulations, Rules and trading procedures;

The Exchange may institute such examination in such form as it sees fit and may require that the passing of such exam shall be a pre-condition to the registration or continued registration of a Responsible Individual; although at the discretion of the Exchange, this requirement shall have no application to an individual who is registered at the Exchange as a Registered Electronic Trader before it comes into effect.

SECTION 3: EXCHANGE FOR PHYSICAL (“EFP”) AND EXCHANGE FOR SWAPS (“EFS”)

16. EFP AND EFS PROCEDURES

- 16.1.
 - (a) EFPs and EFSs may take place in respect of: any Natural Gas Contract up to 30 minutes after the relevant time of cessation of trading of such Contract on ~~IPE-ETS~~the ICE Platform; in respect of any Electricity Contract, up to one hour after the relevant time of cessation of trading of such Contract on ~~IPE-ETS~~the ICE Platform; in respect of any Emission Contract, up to 30 minutes after the relevant time of cessation of trading of such Contract on ~~IPE-ETS~~the ICE Platform and are not subject to ~~IPE-ETS~~ Trading Procedures other than this Section 3.
 - (b) Subject to (a) above, EFPs and EFSs in respect of Contracts traded on ~~IPE-ETS~~the ICE Platform may be reported to the Exchange, in accordance with Rule F.5 (c) for registration by the Clearing House up to 30 minutes after the relevant time of close of ~~IPE-ETS~~ICE Platform trading of such Contract for that Trading Day for such contract month.
- 16.2 Where details of an EFP or EFS transaction have been faxed on the prescribed EFP/EFS form by both parties to the Market Supervisor for entry into TRS. It is the responsibility of each Member party to the EFP or EFS (or the Clearing Member with whom the executing Member is party to a Clearing Agreement) to resolve any mismatches.

SECTION 4: BLOCK TRADE PROCEDURES

17. BLOCK TRADE PROCEDURES

- 17.1 Block Trades may take place:
 - (a) in respect of contracts designated by the Exchange from time to time as contracts that may be traded as Block Trades pursuant to the Rules;
 - (b) only during such trading hours of the Block Trade Contract concerned and on such Trading Days as the Exchange may from time to time prescribe;
 - (c) in respect of an Emission Contract, only when arranged by a Member who is the holder of an Emissions Trading Privilege;

and are not subject to ~~IPE ETS~~ Trading Procedures other than in this Section 4 or where specifically mentioned.

17.8 The Block Trade price and volume will be broadcast to the Market by electronic display of the details on ~~IPE ETS~~ the ICE Platform.

SECTION ~~BB~~ MEMBERSHIP ~~IPE ETS TRADING~~

~~BB~~

SECTION ~~BB~~ - MEMBERSHIP ~~IPE ETS TRADING~~

- ~~BBB.1~~ General Provisions
- ~~BBB.2~~ Categories of Membership
- ~~BBB.3~~ Membership Criteria
- ~~BBB.4~~ Application for Membership
- ~~BBB.5~~ Ongoing Notification Requirements
- ~~BBB.6~~ Scope of Participant Activities
- ~~BBB.6A~~ Emissions Trading Privilege
- ~~BBB.7~~ Suspension and Expulsion
- ~~BBB.8~~ Reconsideration and Appeal
- ~~BBB.9~~ Conclusion of Contracts on the ICE Platform ~~IPE ETS~~
- ~~BBB.10~~ Clearing Activities
- ~~BBB.11~~ Nomination and Registration of Responsible Individuals

~~BBB.1~~ GENERAL PROVISIONS

~~BBB.1.1~~ A person may be a Member by virtue of being admitted to membership under a category referred to in this Section ~~BBB~~. Section ~~BBB~~ will govern a Member's permissions in relation to the ~~ICE ETS Platform~~. A separate application will be necessary if a person seeks to acquire a new category of membership.

~~BBB.1.2~~ Every Member shall pay such annual subscription as the Directors may from time to time determine in respect of its category of membership and any trading/clearing permission(s) or privilege(s). The subscription shall be due each year on such date as the Directors may from time to time determine. A failure to pay the subscription by the due date may be punished by the Directors or the Authorisation, Rules and Conduct Committee by any sanction listed in Rule E.4.11 subject to the rights of reconsideration and appeal set out in Rule ~~BBB.8~~.

~~BBB.1.3~~ The annual subscription, and every other fee, charge, levy or impost charged to Members under the Regulations or otherwise, shall be exclusive of any value added tax which may be or become payable thereon.

~~BBB.1.4~~ (a) A Member shall at all times satisfy the criteria from time to time set out in or under the Regulations for admission to a category of membership, save as may otherwise be provided in or under the Regulations. A Member and any person subject to the Regulations (including any Responsible Individual or any trader acting through the Member) shall be bound by the Memorandum, the Articles and the Regulations and any arrangement, provision or direction made, authorised or given thereunder.

(b) Any failure by a Member or any such other person (including any Responsible Individual or any trader acting through the Member) to observe or comply with the Articles, Regulations or any such arrangement, provision or direction may lead to steps, including without limit disciplinary proceedings, being taken by the Exchange in respect of the Member or such other person under the Regulations.

(c) References in the Regulations to a Member being prohibited from engaging in a course of action shall, in the case of activities in respect of ~~IPE ETS~~ the ICE Platform, infer a like prohibition upon any person accessing ~~IPE ETS~~ the ICE Platform by or on behalf of the Member (including any Responsible Individual or any trader acting through the Member).

~~BBB.1.5~~ Every person admitted to membership of the Exchange shall sign a member statement as part of its application to a category of membership under Rule ~~BBB.4~~, for the time being prescribed by the Directors,

agreeing to be bound by the Memorandum, the Articles and the Regulations in so far as they relate to its category of membership and to accept as binding any decision made by the Directors under the Articles or the Regulations or by the Exchange in general meeting, subject to such rights of review or appeal as may be contained in the Regulations.

BBB.1.6 A dispute concerning the status, rights or obligations of a Member or any other person under the Memorandum, the Articles or the Regulations, or any question in such connection which is not provided for therein, shall be referred to the Directors whose decision shall be final, subject to such rights of review and appeal as may be contained in the Regulations.

BBB.1.7 Provided that a Member satisfies all outstanding obligations to the Exchange, that Member may resign from membership of the Exchange by one month's notice in writing to the Membership Department. Provided that:

~~(a)~~(b) if the Member has been declared a defaulter under Rule D.4 before the expiry of its notice of resignation (whether the declaration is made before or after its giving of such notice) its membership shall continue until the completion of default proceedings (within the meaning of the default rules); and

~~(b)~~(c) notwithstanding the expiry of its notice of resignation a former Member shall remain subject to the jurisdiction of the Exchange for one year after such expiry, or such other period as is required for the determination of any proceedings including any appeal, as if continuing to be a Member, in respect of:

- (i) things done or omitted by the Member before the expiry of its notice of resignation, and
- (ii) steps taken by the Exchange or other person or body under Sections D (Default), E (Disciplinary), H (Arbitration) and I.18 (Delivery Committee) of the Regulations in respect of things so done or omitted.

BBB.1.8 In the event of the death of an individual Member the Directors may permit his personal representatives to retain his membership and, if applicable, his Emissions Trading Privilege for a period of up to six months following the date of his death in order to complete arrangements for the orderly closing out of open positions of the Member, provided that such personal representatives may not exercise any trading rights or permissions relating to the membership and must, where necessary to close out open positions of the Member, use the services of another Member for trading purposes.

BBB.2 CATEGORIES OF MEMBERSHIP

BBB.2.1 Any person seeking access to trading on the IPE-ETS/ICE Platform as a Member must elect and apply for one of the following categories of membership:

- (a) General Participant - to transact own business and business for clients (whether such clients are other Members or non-Members);
- (b) Trade Participant - to transact own business only;

~~(c)~~(d) Individual Participant - to transact own business and business for other Individual Participants (provided such business is only allocated to the relevant Individual Participant requesting the execution).

"Own business" for the purposes of this Rule **BBB.2.1** means business for its own account or for the account of a subsidiary, wholly-owned subsidiary or holding company of the relevant Member. For the purposes of this Section **BBB** of the Regulations the terms "subsidiary", "wholly-owned subsidiary" and "holding company" shall have the meanings applied to them by section 736 of the Companies Act 1985 as such section is supplemented by section 736A of the Companies Act 1989. "Own business" will not include transactions concluded for the benefit of a client of a third party.

BBB.2.2 Each category of membership confers the permissions set out in Rule **BBB.6**. Only certain categories of membership are eligible to be clearing members for the purposes of the Regulations, on the basis set out in Rule **BBB.10** below.

BBB.3 MEMBERSHIP CRITERIA

BBB.3.1 An applicant for access to trading on the ~~PCE Platform~~ ~~ETS~~ as a Member must, at the time of its application and at all times thereafter:

- (a) be able to demonstrate, to the satisfaction of the ~~IPE~~Exchange, that the applicant is fit and proper to be a Member;
- (b) be able to demonstrate, to the satisfaction of the ~~IPE~~Exchange, that the applicant has sufficient systems and controls in place to ensure that all employees, agents and representatives who may act on its behalf or in its name in the conduct of business on the ~~IPE ETS~~ICE Platform are fit and proper, suitable, adequately trained and properly supervised to perform such functions;
- (c) maintain a properly established office (in a location which is acceptable to the Directors as they may determine in their absolute discretion) for the conduct of its business on the ~~IPE ETS~~ICE Platform;
- (d) satisfy the minimum financial standing requirements for the time being stipulated by the Directors in relation to the relevant category of membership, supporting its claim to do so by copies of its last three years of audited accounts and by a copy of its latest audited accounts from time to time as they become available, or such other evidence as the Directors may require;
- (e) be party to an IPE ETS User Agreement, which is in full force and effect, in the form prescribed by the Directors from time to time for use by the Member of ~~IPE ETS~~the ICE Platform at the address(es) notified to the Exchange;
- (f) be able to access the Trading Server via a front end application which meets the IPE's conformance criteria;
- (g) be a clearing member of the Clearing House (or be accepted for such membership), where permitted by the Regulations, or be a party to or satisfy the Directors that it will become a party to a clearing agreement with a clearing member in respect of all types of Contract covered by its trading and/or clearing permissions or privilege under Rule ~~BBB~~.6 from time to time; and
- (h) hold all necessary licences, authorisations and consents, or benefit from available exemptions, so as to allow it to carry on business as a Member on the ~~IPE ETS~~ICE Platform in accordance with all applicable laws and regulation.

BBB.3.2 In addition to meeting the general criteria above:

- (a) an applicant to be an Individual Participant must, at the time of its application and at all times thereafter:
 - (i) where the applicant is a company with share capital, confirm that nine-tenths of its issued share capital is beneficially held by a single individual or, where the applicant is a company without share capital, nine-tenths of the votes exercisable at its general meetings are exercisable by a single individual or, in any other case, that the applicant is an individual; and
 - (ii) confirm that the single individual identified in Rule ~~BBB~~.3.2(a)(i) above is/will be the Responsible Individual representing the applicant;
- (b) an applicant to be a General Participant or Trade Participant must, at the time of its application and at all times thereafter, be a body corporate;
- (c) an applicant to be a General Participant, Trade Participant or an Individual Participant must satisfy any other specific criteria or other requirements stipulated by the Directors from time to time in relation to the particular category of membership applicable to it, supplying such documents in support thereof as they may require;
- (d) an applicant for any category of membership, or an existing Member, which seeks a permission to trade and/or clear Emission Contracts must obtain an Emissions Trading Privilege prior to carrying on such activities.

BBB.4 APPLICATION FOR MEMBERSHIP

- BBB.4.1** An applicant for membership under any of the above categories shall complete such form of application as the Directors may prescribe, specifying which category of membership it is seeking, whether it wishes to: (1) trade and/or clear Oil Contracts; (2) trade and/or clear Utility Contracts; (3) trade and/or clear Emission Contracts by virtue of holding an Emissions Trading Privilege; and whether it is to be a clearing member or non-clearing member as applicable.
- BBB.4.2** Any application must be submitted to the Membership Department and shall then be referred to the Directors for determination. An applicant must satisfy the Directors that it meets the criteria for the time being for the category of membership being sought (further particulars of which may, at any time, be obtained from the Membership Department, including particulars of any other criteria or requirements stipulated by the Directors under Rule **BBB.3.2** and any guidance or requirements as to how certain criteria may be satisfied). Admission to membership of the Exchange shall not confer any right or obligation of membership in or right to attend or vote at meetings of, or any right to any share in, or any liability in respect of, the Exchange or ICE.
- BBB.4.3** The Directors shall have absolute discretion, subject to the applicant's rights in respect of reconsideration and appeal under the Regulations, whether to approve the application. If they refuse the application, the Directors shall give the applicant a written statement of their reasons.
- BBB.4.4** A successful applicant shall be notified in writing by the Membership Department of the approval of its application. The applicant shall be admitted to the category of membership applied for and details of the contracts it may trade will be confirmed, and where appropriate, it will be further confirmed that the applicant has been granted an Emissions Trading Privilege. The membership shall become effective at the point in time notified by the Membership Department to the applicant. Membership or an Emissions Trading Privilege shall not be transferable.
- BBB.4.5** A Member may, at any time, apply to vary its category of membership and/or its clearing status. Such an application shall be made in the manner prescribed by the Directors from time to time and shall be processed by reference to the criteria set out in this section **BBB**.
- BBB.4.6** Subject to **BBB.4.7** a Member may, at any time, apply to vary the Contracts it wishes to trade and/or clear. Such an application shall be made in the manner prescribed by the Exchange from time to time.
- BBB.4.7** A Member may, at any time, apply to hold an Emissions Trading Privilege or cancel an existing one. Such an application/cancellation shall be made in the manner prescribed by the Exchange from time to time.

BBB.5 ONGOING NOTIFICATION REQUIREMENTS

- BBB.5.1** Every Member shall notify the Exchange forthwith in writing of:
- (a) any change or anticipated change in circumstances applicable to the Member, of which the Member is aware, which will, or is likely to, result in the Member being unable to continue to satisfy any one or more of the membership criteria applicable to it;
 - (b) any alteration in other business information which the Member may be required to furnish to the Exchange;
 - (c) such information as the Exchange may stipulate from time to time with respect to trading on, or access to ~~IPE-ETS~~the ICE Platform, including without limitation, location of screens used, details and location of user interfaces employed and order-routing arrangements put, or to be put, in place by or on behalf of the Member; and
 - (d) any other information specified by the Directors from time to time.
- BBB.5.1A** Every Member shall seek the consent of the Exchange in relation to:
- (a) (in the case of a firm or a company) any proposed change in the nature of business or legal status of the Member, any proposed change in legal or beneficial ownership of the equity or partnership capital of the Member or any other circumstance that to the directors' or partners' belief would or might have the effect of changing the control of the Member;
 - (b) any proposed change in the identity of the Responsible Individuals registered on behalf of the Member and any proposed change in the location from which any such Responsible Individual will access the ~~IPE-ETS~~ICE Platform (where the new location is in a different jurisdiction from that previously notified to the Exchange);

(c) any other material change in the way in which the Member accesses and uses the IPE-ETSICE Platform.

BBB.5.2 In the case of a change in a partnership, the continuing and new partners shall sign and deliver to the Exchange a form of undertaking under which they jointly and severally agree to be bound as a Member of the relevant category by the Memorandum, the Articles and the Regulations.

BBB.5.3 If the Directors decline to approve any change notified under Rule **BBB.5.1** above which requires their consent, the Member shall be informed accordingly, and if the change nonetheless becomes effective, the Member's permission to trade on the Market, to accept allocation of any Contracts made on the Market by another Member and to clear Contracts (as applicable) (or any one or more of such permissions) may be suspended by the Directors until the Directors are willing, by agreement with the Member on such terms as they think fit, to lift the suspension.

BBB.5.4 In addition to the requirements of Rule **BBB.5.1**, every Member shall promptly (and thereafter upon demand or with such regularity as may be prescribed) notify the Exchange's compliance officer in writing of such information and of any changes thereto in respect of such of the Member's directors, partners, Responsible Individuals, traders, representatives, staff and other persons as the Directors or the Authorisation, Rules and Conduct Committee may from time to time prescribe. Without limitation, such information may include details of all types of investment with which such person deals or has dealt, all previous employers, the reason for changing employment (including details of any allegation, investigation or suspicion prompting the person's resignation), all exchanges (whether or not in the United Kingdom) upon which the person is or has in the past been permitted to trade, whether such permission has at any time been withdrawn and if so the reason therefor, any disciplinary proceedings of any exchange or other regulatory authority commenced against the person and the outcome thereof.

BBB.5.5 If the Directors consider that there has been a failure to notify the Exchange fully in accordance with this Rule **BBB.5** or if a Member has failed to obtain the Exchange's consent to the change in its circumstances or arrangements as required by the Regulations, the Member's permission to trade on the Market, to accept allocation of any Contracts made on the Market by another Member and to clear Contracts (as applicable) (or any one or more of such permissions) may be suspended for such time as the Directors see fit. Suspension under this paragraph shall not prejudice the power of the Directors or the Authorisation, Rules and Conduct Committee to commence disciplinary proceedings in respect of the failure.

BBB.6 SCOPE OF PARTICIPANT ACTIVITIES

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

(a) trade :

- (i) those Oil and/or Utility Contracts available for trading on the IPE-ETSICE Platform; and/or
- (ii) Emission Contracts available for trading on the IPE-ETSICE Platform, provided that the General Participant is the holder of an Emissions Trading Privilege,
as appropriate, for own business and in connection with client business in conformity with the Regulations;

(b) register any number of Responsible Individuals;

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

- (i) all Oil and/or Utility Contracts made by the General Participant on the IPE-ETSICE Platform;
- (ii) Emission Contracts made by the General Participant on the IPE-ETSICE Platform, provided that the General Participant is the holder of an Emissions Trading Privilege;
- (iii) by agreement, any Contract made on the IPE-ETSICE Platform by another Member provided that if the Contract is an Emission Contract, the General Participant is a holder of an Emissions Trading Privilege; and

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

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

- (a) trade:
 - (i) those Oil and/or Utility Contracts available for trading on the IPE-ETS/ICE Platform; and/or
 - (ii) those Emission Contracts available for trading on the IPE-ETS/ICE Platform, provided that the Trade Participant is the holder of an Emissions Trading Privilege,as appropriate, for own business in conformity with the Regulations;
- (b) register any number of Responsible Individuals;
- (c) in the case of a Trade Participant who is also a clearing member of the Clearing House, register with the Clearing House in accordance with its General Regulations:
 - (i) all Oil and/or Utility Contracts made by the Trade Participant on the IPE-ETS/ICE Platform;
 - (ii) Emission Contracts made by the Trade Participant on the IPE-ETS/ICE Platform, provided that the Trade Participant is the holder of an Emissions Trading Privilege; and
- (d) accept allocations of Contracts made on the IPE-ETS/ICE Platform by a General Participant provided that such Contracts are own business of the Trade Participant and provided that if the Contract is an Emission Contract, the Trade Participant is a holder of an Emissions Trading Privilege.

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

- (a) trade:
 - (i) all Oil and/or Utility Contracts available for trading on IPE-ETS/ICE Platform for own business in conformity with the Regulations;
 - (ii) Emission Contracts available for trading on the IPE-ETS/ICE Platform, provided that the Individual Participant (and the clearing Member through whom he clears) is the holder of an Emissions Trading Privilegeas appropriate, for own business and in connection with give-up business for other Individual Participants in conformity with the Regulations; and
- (b) accept allocations of Contracts made on the IPE-ETS/ICE Platform by General or Individual Participants provided that such Contracts are own business of the Individual Participant and further provided that if the Contract is an Emission Contract, the Individual Participant accepting the allocation trade is a holder of an Emissions Trading Privilege; and
- (c) register one Responsible Individual, which must be the individual identified in Rule **BBB.3.2(a)(i)**.

BBB.6.4 The IPE-ETS-Trading Procedures shall apply to all Members who trade on the IPE-ETS/ICE Platform (and to any Responsible Individual or any trader acting in the name of a Member).

BBB.6A Emissions Trading Privilege

BBB.6A.1 Pursuant to Rules **BBB.4.1** or **BBB.4.7** a General, Trade or Individual Participant may, at the time of application of membership or at any time thereafter, apply to hold an Emissions Trading Privilege and, once obtained, may at any time cancel it. Such an application/cancellation shall be made in the manner prescribed by the Exchange from time to time.

BBB.6A.2 The holder of an Emissions Trading Privilege is permitted to:

- (a) trade the Emission Contracts where the holder is a party to an IPE-ETS/ICE Platform User Agreement;

- (b) clear the Emission Contracts where the holder is a member of the Clearing House;
- (c) where the holder is a member of the Clearing House, clear Emission Contracts for a non-clearing Member with whom he has a Clearing Agreement provided that non-clearing Member is also the holder of an Emissions Trading Privilege.

BBB.6A.3 An Emissions Trading Privilege is not transferable and a Member may not hold more than one Emissions Trading Privilege.

BBB.6A.4 An application fee and an annual fee shall be payable pursuant to Rule **BBB.1.2**.

BBB.7 **SUSPENSION AND EXPULSION**

BBB.7.1 The Directors may, upon the recommendation of a Disciplinary Panel under Rule E.4.11 or in the exercise of any other power conferred on the Directors by the Regulations:

- (a) expel a Member from membership of the Exchange (or any part of the Market) or, in the case of other persons subject to the Regulations, permanently remove their right to access the IPE-ETSICE Platform; or
- (b) in the case of a Member, suspend any or all of the membership permissions of the Member including its permission to trade on the IPE-ETSICE Platform (or any part of it), to accept allocation of any Contracts made on the IPE-ETSICE Platform by another Member and to clear Contracts made on the IPE-ETSICE Platform (as applicable) (or any one or more of such permissions) for such term as the Directors may determine.

The Directors may give the person subject to the Regulations a brief account of reasons for their action, and shall promptly do so at his request.

BBB.7.2 If a Member fails to satisfy the requirements of Rule **BBB.3** or fails to comply with the terms of the IPE-ETSICE Platform User Agreement, the Directors may suspend any or all membership permissions of that Member including its permission to trade on the Market (or any part of it), to accept allocation of any Contracts made on the Market by another Member and to clear Contracts (as applicable) (or any one or more of such permissions) for such term as the Directors may determine. Without prejudice to the generality of the foregoing the Directors may permit a Member to continue to exercise any or all of its permissions to clear Contracts for such period and on such terms (including but not limited to any agreement to be bound by the Regulations) as the Directors may in their discretion think fit.

BBB.7.3 If a Member shall:

- (a) suspend payment of its debts;
- (b) call a meeting of its creditors;
- (c) (in the case of an individual or all the members of a partnership) have a bankruptcy, administration or winding-up petition presented against him or all of them;
- (d) (in the case of a firm or company) have an administrative receiver or administrator appointed of all or any of its assets or go into liquidation (except a voluntary liquidation for the purposes of amalgamation or reconstruction);
- (e) an analogous event occurs in respect of the Member under the laws of any other jurisdiction; or
- (f) it is declared a defaulter under the default rules,

then its membership permissions (including trading permissions and its permission to accept allocation of any Contracts made on the Market by another Member and to clear Contracts (as applicable)) shall be suspended (without any prior decision of the Directors being required but subject to any contrary determination under the default rules) or at the discretion of the Directors shall be terminated from the date of such occurrence, save that where the Member is declared a defaulter under the default rules, its membership shall continue until the completion of default proceedings (within the meaning of such rules). The suspension shall continue until the Member has settled with all its creditors to the satisfaction of the Directors.

- | **BBB.7.4** A Member whose permissions are suspended shall remain liable in respect of all its obligations of membership including, without limitation, its obligation to pay an annual subscription or any other fees, levies or charges in respect of the relevant category of membership and its obligations in respect of any steps taken with regard to him under the default rules. A Member whose trading permissions have been suspended under Rule **BBB.7.3** shall not, during the period of such suspension, be entitled to clear new Contracts, subject to any contrary determination under the default rules.
- | **BBB.7.5** Subject to any applicable provision of the default rules, the expulsion of a Member or the suspension of any or all of its permissions shall not affect the right of any party to pursue either a matter or dispute which has been referred to the Delivery Committee under Rule I.18 or to arbitration under the Arbitration Rules in respect of any Contract entered into by the Member.
- | **BBB.7.6** Upon the expulsion of a Member taking effect it shall forfeit all rights and privileges of membership of the Exchange including its trading permissions.
- | **BBB.7.7** Where, upon the suspension of a Member's rights of membership (including its permission to trade on the Market, to accept allocation of any Contracts made on the Market by another Member and to clear Contracts (as applicable) (or any one or more of such permissions)) under Rule **BBB.7.3**, the Member is not declared a defaulter under and within the meaning of the default rules, any other Member holding open positions on the Market on its behalf shall be entitled to close the same without prior notice. Where, upon the suspension of a Member's permissions under Rule **BBB.7.3**, the Member is declared a defaulter under and within the meaning of the default rules, any other Member holding on its behalf an open position on the Market which is not discharged under the default rules may, upon the completion of default proceedings (within the meaning of the default rules) in respect of the suspended Member, close such open position without prior notice.
- | **BBB.7.8** Upon the expulsion of a Member or the suspension of its trading permissions and/or its permission to accept the allocation of any Contracts made on the Market by another Member and/or (if applicable) its entitlement to clear Contracts taking effect, the Secretary shall give notice of the expulsion or suspension to all Members and to the Clearing House.

| **BBB.8 RECONSIDERATION AND APPEAL**

- | **BBB.8.1** If the Directors refuse an application for membership or refuse to approve a change in business particulars notified to the Exchange under Rule **BBB.5.1**, impose sanctions on a Member under Rule **BBB.1.2**, make a decision under Rule **BBB.1.6** in respect of status, rights or obligations of a Member or suspend a Member's permission to trade for more than seven days or expel a Member, (otherwise than pursuant to a recommendation made by a Disciplinary Panel under Rule E.4.11) the applicant or Member may, within fourteen days of receiving notice of such decision, request the Directors in writing to reconsider the matter. The applicant or Member may make such representations and supply such information as it may consider relevant and may, if it desires, attend a meeting of the Directors for that purpose. No request or representation may be made under this Rule in respect of any determination made or step taken under the default rules.
- | **BBB.8.2** The Directors shall within 28 days of receiving the applicant or Member's written request for reconsideration consider any representations and information placed before them and shall confirm, amend or revoke the decision in respect of which the request has been received. The Secretary shall forthwith notify the applicant or Member of the outcome.
- | **BBB.8.3** Within fourteen days of receiving such notice from the Secretary the applicant or Member may serve notice on the Exchange of its intention to appeal against the Directors' determination. With such notice it shall lodge with the Exchange the sum of £2,000 towards the costs of the appeal, which sum shall be returned to the applicant or Member if its appeal is successful.
- | **BBB.8.4** The appeal will be to an Appeals Panel appointed in accordance with the provisions of Rule E.4.14.
- | **BBB.8.5** The Appeals Panel may adopt such procedure as it deems appropriate in hearing the appeal but shall give both the appellant and the Directors reasonable opportunity to make representations to it. The Appeals Panel may as it thinks fit either confine the appeal to a review of the Directors' determination or hear the matter afresh. It shall have power to order costs to be paid by either party.

BBB.8.6 The Appeals Panel shall notify its award, with reasons, to the Directors and to the appellant. The Directors shall within 28 days serve notice on the appellant confirming, amending or revoking their decision accordingly.

BBB.9 CONCLUSION OF CONTRACTS ON ~~IPE-ETS~~THE ICE PLATFORM

BBB.9.1 The following Rules apply to a Contract made on the ~~IPE-ETS~~ICE Platform (an "Original Contract") by a Member who is not a clearing member (for the purposes of this Rule ~~BBB.9~~ a "non-clearing member") with another Member (the "Counterparty"), unless the Contract is made by such non-clearing member with the Counterparty as the client of the Counterparty.

BBB.9.2 Immediately upon an Original Contract being made pursuant to the Regulations, it shall be discharged and replaced by a Contract ("Replacement Contract") on the same terms as the Original Contract except as to the parties.

(a) The Replacement Contract shall be between:

- (i) the Member who is party to a clearing agreement with the non-clearing member ("clearing member A") and the Counterparty to the discharged Original Contract, if such Counterparty is a member of the Clearing House; or
- (ii) if paragraph (i) does not apply, clearing member A and the General Participant who is party to a clearing agreement with the Counterparty ("clearing member B").

(b) The Counterparty shall be deemed to consent to the novation of the Original Contract and, if paragraph (i) applies, to be party to the Replacement Contract with clearing member A.

(c) Clearing member A shall assume all of the rights and obligations which had been assumed by the non-clearing member under the Original Contract. If paragraph (ii) applies, clearing member B shall assume all of the rights and obligations which had been assumed by the Counterparty under the Original Contract.

(d) If upon the making of the Replacement Contract, a Member would be required to transact with himself, references in the Regulations to a Contract shall apply to such transaction as if it were a Contract.

BBB.9.3 Upon the novation of the Original Contract under Rule ~~BBB.9.2~~ above, a related Contract shall arise between the non-clearing member and clearing member A. The terms of such related Contract shall be identical to the terms of the Original Contract, except that if clearing member A is the seller under the Replacement Contract it shall be the buyer under the related Contract and vice-versa.

BBB.9.4 A Replacement Contract to which a General Participant becomes a party pursuant to Rule ~~BBB.9.2~~ [(and which has not been allocated by such General Participant to and accepted by another General Participant who is a member of the Clearing House)] shall be registered with the Clearing House in the name of such General Participant in accordance with and subject to the Regulations.

BBB.9.5 Where a Contract is made on the ~~IPE-ETS~~ICE Platform by a Member who is a clearing member with another Member (the "Counterparty"), a Contract shall arise between the Member and (i) the Counterparty where it is a clearing member, or (ii) the clearing member party to a clearing agreement with the Counterparty on the basis of the Replacement Contract arising in accordance with Rule ~~BBB.9.2~~.

BBB.9.6 Subject to any Regulations and procedures made pursuant to Rule F.6, a Contract arising pursuant to Rule ~~BBB.9.2~~ or Rule ~~BBB.9.5~~ shall be registered with the Clearing House in the names of the clearing members making the Contract.

BBB.10 CLEARING ACTIVITIES

BBB.10.1 Only certain categories of membership are eligible to be clearing members for the purposes of the Regulations in relation to the ~~IPE-ETS~~ICE Platform, on the basis set out below:

- (a) Individual Participants may not be clearing members, and must therefore have in place a clearing agreement with a General Participant in order to enter into Contracts on the ~~IPE-ETS~~ICE Platform;

- (b) Trade Participants may elect to be clearing members for the purpose of clearing own business (subject to them also being members of the Clearing House) or non-clearing members, in which case they must have in place a clearing agreement with a General Participant in order to enter into Contracts on the ~~IPE-ETS~~ICE Platform as permitted under Rule ~~BBB.6.2(a)~~ or to accept an allocation of Contracts as permitted under Rule ~~BBB.6.2(d)~~;
- (c) General Participants may elect to be clearing members for the purpose of clearing own business and/or client business (subject to them also being members of the Clearing House) or non-clearing members, in which case they must have in place a clearing agreement with a General Participant in order to enter into Contracts on the ~~IPE-ETS~~ICE Platform as permitted under Rule ~~BBB.6.1(a)~~ or to accept an allocation of Contracts as permitted under Rule ~~BBB.6.1(d)~~.
- (d) For the avoidance of doubt, in order for a General Participant to be able to provide clearing services (pursuant to a clearing agreement) to another Member who is the holder of an Emissions Trading Privilege, the General Participant must also be the holder of an Emissions Trading Privilege.

~~BBB.10.2~~ [Deleted 15 April 2005]

~~BBB.10.3~~ A Member shall forthwith notify the Secretary upon becoming or ceasing to be a clearing member of the Clearing House.

~~BBB.10.4~~ Without prejudice to Rule D.6.2, a Member shall notify the Secretary forthwith upon any change in particulars which it has notified under Rule ~~BBB.10.3~~, and shall give brief reasons for the change.

~~BBB.11~~ NOMINATION AND REGISTRATION OF RESPONSIBLE INDIVIDUALS

~~BBB.11.1~~ A Member shall not enter orders into or make trades on the ~~IPE-ETS~~ICE Platform except through a Responsible Individual registered with the Exchange pursuant to the ~~IPE-ETS~~ Trading Procedures. At least one individual shall be registered by a Member as a Responsible Individual pursuant to the ~~IPE-ETS~~ Trading Procedure 14.

~~BBB.11.2~~ A Responsible Individual shall not enter orders into or make trades on the ~~IPE-ETS~~ICE Platform in or from a jurisdiction where the Exchange does not have the relevant regulatory status (if such regulatory status is required) if to do so would bring the Exchange into disrepute with the regulatory authority within such jurisdiction or put the Exchange in breach of any regulatory obligations to which it might be subject within that jurisdiction.

~~BBB.11.3~~ A Member shall be responsible for:

- (a) all acts and conduct on ~~IPE-ETS~~the ICE Platform of each Responsible Individual registered to it, and any person acting through such Responsible Individual, in accordance with the ~~IPE-ETS~~ Trading Procedures; and
- (b) all orders and other instructions entered and all trades made on the ~~IPE-ETS~~ICE Platform by any person (including a Member's clients) whether or not any such order, instruction or trade was authorised by the Member or is permitted by, or in accordance with, the Regulations and the Member shall be bound by any such order, instruction or trade.

~~BBB.11.4~~ Where there is a breach of the Regulations committed by a Member's client placing orders through a Responsible Individual registered to that Member (or where a Member's client's acts and/or conduct would constitute a breach of the Regulations if that Member's client were subject to the Regulations), sanctions may be imposed on the Member pursuant to Section E of the Regulations unless the Member can establish to the satisfaction of the Exchange that the Member had taken all reasonable steps to prevent such a breach and/or such conduct.

~~BBB.11.5~~ A Member shall ensure that any business conducted by it, or by or through any of its Responsible Individuals, shall not cause the Exchange to be in breach of applicable laws and regulations.

Exchange jurisdiction following suspension of registration of Responsible Individual

~~BBB.11.6~~ A Responsible Individual whose registration is suspended by the Exchange under the Regulations, shall remain subject to the Regulations and to the jurisdiction of the Exchange under the Regulations in respect of acts and omissions of the individual while he was registered as a Responsible Individual, and in respect of any investigation or disciplinary proceedings relating thereto, whether commenced before or after his

suspension, (including the payment of any fine or application of any other sanction imposed) as if he were still registered, for the longer of:

- (a) the period of 12 months from the date on which the registration was suspended; or
- (b) the period during which disciplinary proceedings continue against him, being proceedings started by the Exchange no later than 12 months after the date on which his registration was suspended, subject to any extension of the period under Rule [BBB.11.8](#) below.

[BBB.11.7](#) Disciplinary proceedings commenced following suspension of a Responsible Individual's registration may be commenced by giving notice of an investigation to that individual no later than 12 months after the date on which his registration was suspended.

[BBB.11.8](#) In the event that a Disciplinary Panel concludes that there are, or may be, additional matters which should be investigated and in respect of which disciplinary proceedings may be taken, the period referred to in Rule [BBB.11.7](#) shall be extended until such time as such additional disciplinary proceedings are completed (including the payment of any fine or application of any other sanction imposed).

Exchange jurisdiction following de-registration of Responsible Individual

[BBB.11.9](#) A Member may terminate the registration of a Responsible Individual by giving to the Exchange notice in writing of intention to de-register the Responsible Individual with effect from the date specified in the notice.

[BBB.11.10](#) A Responsible Individual who is de-registered shall remain subject to the Regulations and to the jurisdiction of the Exchange in respect of acts and omissions of the individual while he was registered as a Responsible Individual, and in respect of any investigation or disciplinary proceedings relating thereto (including the payment of any fine or application of any other sanction imposed) as if were still registered, for the longer of:

- (a) the period of 12 months from the date on which the de-registration became effective; or
- (b) the period during which disciplinary proceedings continue against him, being proceedings started by the Exchange no later than 12 months after the date on which his de-registration became effective, subject to any extension of the period under Rule [BBB.11.12](#) below.

[BBB.11.11](#) Disciplinary proceedings commenced following a Responsible Individual's de-registration may be commenced by giving notice of an investigation to that individual no later than 12 months after the date on which the de-registration became effective.

[BBB.11.12](#) In the event that a Disciplinary Panel concludes that there are, or may be, additional matters which should be investigated and in respect of which disciplinary proceedings may be taken, the period referred to in Rule [BBB.11.11](#) shall be extended until such time as such additional disciplinary proceedings are completed (including the payment of any fine or application of any other sanction imposed).