

**CIRCULAR
10/067**

11 October 2010

Category:

Trading

Attachments:

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Contract Rules for ICE ECX ERU Futures

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Procedures for ICE ECX ERU Futures

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Contract Rules for ICE ECX ERU Options in the form of amendments to Rule Section EE

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Procedures for ICE ECX ERU Options in the form of amendments to Rule Section FF

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Contract Specifications for ICE ECX ERU Futures

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Contract Specifications for ICE ECX ERU Options

Summary of content:

Launch of ICE Futures ECX ERU Futures and ICE Futures ECX ERU Options Contracts

CORRECTION: Replacement of Circular 10/066 - Launch of ICE Futures ECX ERU Futures and ICE Futures ECX ERU Options Contracts

This Circular replaces Circular 10/066, and amends the transaction charges referenced within Circular 10/066.

The purpose of this Circular is to advise Members and their customers of the launch of the following contracts on **8 November 2010**:

- ICE Futures ECX ERU Futures Contract (“ERU Futures Contracts”);
- ICE Futures ECX ERU Options Contract (“ERU Options Contracts”).

Contract Specifications are attached.

Contract outline

The ERU Futures Contract is physically delivered by the transfer of ERUs (Emission Reduction Units). It is listed in quarterly contracts from December 2010 to March 2013.

The ERU Options Contract is an option on the underlying ERU December Futures Contract of the relevant year – for example, the underlying contract for the March 11 option is the December 11 Future. Contracts are listed on a quarterly expiry cycle such that March, June, September and December contract months are listed up to December 2011, plus the December 2012 contract – the March, June and September contracts for 2012 will be listed on expiry of the December 2010 contract.

The ERU Options Contract is of European-style exercise, such that at expiry automatic exercise will occur of options which are one or more ticks in the money. (At-the-money and out-of the-money options will lapse).

Expiry Time and Dates

The ERU Futures Contract expires on the last Monday of the Contract month. However, if the last Monday is a Non-Business Day or there is a Non-Business Day in the 4 days following the last Monday, the last day of trading will be the penultimate Monday of the delivery month. Where the penultimate Monday of the delivery month falls on a Non-Business Day, or there is a Non-Business Day in the 4 days immediately following the penultimate Monday, the last day of trading shall be the antepenultimate Monday of the delivery month. The Exchange shall from time to time confirm, in respect of each contract month, the date upon which trading is expected to cease.

The ERU Options Contract expires three Trading Days before the expiry of the corresponding March, June, September or December contract month of the ERU Futures Contract.

**For more information
please contact:**

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Trading Hours

The trading hours for the contracts will be 07:00 to 17:00 (London local time).

Eligibility to trade/clear the ERU Futures and Options

Members and their customers will be permitted to access the ICE ECX ERU Options Contracts based on their permissioning for the ICE ECX EUA Futures and Options Contracts. They will need to ensure that the necessary clearing limits are in place to trade these contracts – ICE will notify traders and clearers as to how and when this can be done.

Transaction charges

The transaction fees charged for the ICE ECX ERU Futures and Options Contracts (including Block Trades, EFPs and EFSs) will be:

- Exchange Fee: €2.00/lot (members) €2.50/lot (non-members)
- Clearing Fee: €1.50/lot.
- Exercise Fee: €1.50/lot. (Option Contract only)

TRS Contract codes and trade types

ICE ECX ERU Futures Contract: **ERU**

ICE ECX ERU Options Contract: **ERU**

	TRS Trade Type
Screen	T
EFS	O
Block Trade	K

Settlement Price Procedures

The EDSP for both contracts will be the Settlement Price on the day the contract expires. The Settlement Price is the weighted average price of trades during a 10 minute period from 16:50 London Time.

Margins

Margin rates will be announced by ICE Clear Europe in due course.

Third party notification

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

Block Trade Facility

Block Trades must be reported to the Exchange within 5 minutes of the trade being completed.

The minimum volume threshold is the minimum number of lots that can be traded as a Block Trade and will be 50 lots. The minimum volume threshold for a complex strategy will also be 50 lots.

Contract Rules and Administrative Procedures

The amendments to the Contract Rules and Administrative Procedures governing the trading and exercise of the Contract are attached.

I therefore give formal notice, on behalf of the Board, in accordance with the Code of Practice that it proposes the changes to Exchange Regulations set out below. 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 upon the launch of the contracts.

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

Signed:



Patrick Davis
Company Secretary