

7J1

CONTRACT RULES: ICE FUTURES NATURE-BASED SOLUTION CARBON CREDIT FUTURES CONTRACT

SECTION 7J1 - CONTRACT RULES: ICE FUTURES NATURE-BASED SOLUTION CARBON CREDIT FUTURES CONTRACT

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7J1.1 DELIVERY OF NATURE-BASED SOLUTION CARBON CREDITS

- (a) The ICE Futures Nature-Based Solution Carbon Credit Futures Contract Rules contained in this Section 7J1 and the provisions of Sections I and 7J2 are applicable to the trading of NBSCC Contracts.
- (b) A NBSCC Contract shall be for the sale by the Seller and purchase by the Buyer of NBSCCs, for transfer from the Account of the Seller to the Account of the Buyer during the Delivery Period specified in the NBSCC Contract in accordance with, or pursuant to, these ICE Futures Nature-Based Solution Carbon Credit Futures Contract Rules, the Administrative Procedures and the Clearing House procedures. For the purposes of these ICE Futures Nature-Based Solution Carbon Credit Futures Contract Rules, Transfer of NBSCCs as between Accounts of the Buyer and the Seller (directly between one another as matched by the Exchange and the Clearing House pursuant to Clearing House Rule 703(f)) maintained in the Registry pursuant to Rule 7J1.5 shall constitute “delivery”.
- (c) All deliveries under a NBSCC Contract shall be made to and from Accounts at the Registry.
- (d) The Exchange may offer contract months for trading of NBSCC Contracts on the Market or otherwise pursuant to the Regulations as the Exchange may determine from time to time.
- (e) All deliveries of NBSCCs must conform to Applicable Laws in force at the time of delivery. If any national or international governmental agency or body acting in accordance with Applicable Law issues an order, ruling, directive or law that conflicts with the requirements of these ICE Futures Nature-Based Solution Carbon Credit Futures Contract Rules, such order, ruling, directive or law shall be construed to take precedence and become part of these ICE Futures Nature-Based Solution Carbon Credit Futures Contract Rules and all open and new contracts shall be subject to such order, ruling, directive or law.
- (f) The Exchange shall from time to time, in its absolute discretion, determine the NBSCC Types for the purposes of identifying the NBSCCs which may be traded and delivered under a NBSCC Contract. The Exchange may from time to time issue a list of such NBSCC Types and may, at any time, upon such notice as considered appropriate by the Exchange circulated to Members, add or withdraw a NBSCC Type from such list (and any such change may, according to its terms, have effect on existing as well as new NBSCC Contracts).
- (g) NBSCCs shall be treated as a Commodity for the purposes of Rule I.21.
- (h) Any capitalised term used herein but not defined herein shall have the meaning set forth in the Regulations and the Clearing House Rules.

7J1.2 QUANTITY

- (a) Subject to Rule 7J1.2(b), NBSCC Contracts shall be for one or more lots of NBSCCs to be delivered as applicable, in accordance with Part N of the ICE Clear Europe Delivery Procedures (it being understood that one lot refers to 1000 NBSCCs).
- (b) The Exchange may, in its absolute discretion, determine from time to time that NBSCC Contracts shall be traded and delivered in a minimum number of lots or multiples thereof.

7J1.3 DEFINITIONS

In these ICE Futures Nature-Based Solution Carbon Credit Futures Contract Rules and the related Administrative Procedures set out in Section 7J2, the following terms shall bear the meanings set out opposite each:

“Account”	Means an account maintained by the Registry in order to record the holding and transfer of NBSCCs;
“CCB Certification”	means VCU that meet at least one Climate, Community & Biodiversity (CCB) Standard of the Verra CCB Program and are certified as such in the Registry;

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“CCB Program”	means Verra’s Climate, Community & Biodiversity (CCB) Program, which establishes the rules and requirements that operationalise the CCB Standards to enable the validation and verification of relevant projects;
“CCB Standards”	means the rules and requirements which a project must follow in order to be certified by Verra as having net positive benefits for climate change mitigation, for local communities and for biodiversity;
“Clearing House Directions”	means any instructions or requests that the Clearing House may issue to the Buyer or Seller from time to time in respect of the delivery of NBSCCs under a NBSCC Contract;
“Clearing House procedures”/ “Procedures”	means the procedures of the Clearing House from time to time in force as prescribed under the Clearing House Rules;
“Delivery Period”	means the period beginning at 10.00 hours U.S. Central Time on the Business Day following the last day of trading of a NBSCC Contract and ending at 12:00 hours U.S. Central Time on the second Business Day following that last day of trading. During this period, delivery of NBSCCs is to take place in accordance with the terms of these ICE Futures Nature-Based Solution Carbon Credit Futures Contract Rules, the Administrative Procedures and the Clearing House procedures;
“Exchange Delivery Settlement Price” or “EDSP”	means, in respect of a NBSCC Contract, the settlement price determined by the Exchange in accordance with the Administrative Procedures;
“Greenhouse Gas” or “GHG”	means any gas that is considered to retain heat in the atmosphere, contributing to the greenhouse effect, including carbon dioxide emissions;
“Nature-Based Solution Carbon Credit” or “NBSCC”	means a VCU from a VCS AFOLU Project with CCB Certification having a vintage between 1 January 2016 up to and including 31 December 2020 (or such other kind of nature-based solution carbon credit as is specified from time to time by the Exchange);
“Nature-Based Solution Carbon Credit Contract” or “NBSCC Contract”	means a Contract made pursuant to these ICE Futures Nature-Based Solution Carbon Credit Futures Contract Rules for the delivery of NBSCCs;
“Nature-Based Solution Carbon Credit Type” or “NBSCC Type”	means any type of NBSCC determined and notified to Members by the Exchange from time to time. For any NBSCC Type, the Exchange may specify such criteria as it deems appropriate, including without limitation the project type, nature and source of a NBSCC and the scheme and/or mechanism pursuant to which such NBSCC has been issued;
“Registry”	means the Verra Registry as operated by Verra (or such other kind of registry for nature-based solution carbon credits as is specified from time to time by the Exchange);
“Registry Requirements”	means the Verra Terms and Conditions (or such other kind of terms and conditions applying to the Registry as is specified from time to time by the Exchange);
“Required Authorisations”	means all governmental and other licences, authorisations, permits, consents, contracts and other approvals (if any) that are required to enable a Seller and/or a Buyer (as appropriate) to fulfil any of its obligations under a NBSCC Contract;
“VCS AFOLU Project”	means an approved VCS project qualifying and verified under the Verra Agriculture, Forestry and Other Land Use (AFOLU) sector program methodologies.
“VCS Program”	means the VCS program administered by Verra which establishes the rules and requirements that operationalise the Verified Carbon Standard to enable

	the validation of GHG projects and programs, and the verification of GHG emission reductions and removals;
“VCS Program Guide”	means the overarching program document which provides for the rules and requirements governing the VCS Program;
“Verified Carbon Standard” or “VCS”	means the rules and requirements which a project must follow in order to be certified for GHG emission reduction and removal by Verra;
“Verified Carbon Unit” or “VCU”	means a unique carbon credit issued by Verra, as recorded in the Registry, which represents a reduction or removal of one tonne carbon dioxide equivalent (CO ₂ e) achieved by a project meeting the Verified Carbon Standard under Verra’s VCS Program. <i>For the avoidance of doubt</i> , the term Verified Carbon Unit does not include any VCUs that, as of any relevant date, have been retired in the Verra Registry;
“Verra”	means the Verified Carbon Standard Association, a non-profit organization incorporated in the District of Columbia at 1090 Vermont Avenue N.W., Suite 910, Washington, D.C., 20005;
“Verra Registry”	means the registry administered by Verra for the implementation of the VCS, which facilitates the listing of information on Verra certified projects, issued and retired VCUs, and enables trading of VCUs; and
“Verra Terms and Conditions”	means the terms of use applicable to the Verra Registry from time to time;
“Transfer”	means the transfer of all NBSCCs required to be delivered under a NBSCC Contract from one Account to another under and in accordance with the Registry Requirements;

7J1.4 PRICE

- (a) The price of a NBSCC Contract shall be in Dollars and Dollar cents per NBSCC. NBSCC Contracts may be traded with minimum fluctuations of \$0.01 (1 cent) per NBSCC.
- (b) The price of a NBSCC Contract shall be exclusive of any charges payable by either the Buyer or the Seller to any third party in respect of the maintenance of Accounts or effecting Transfers.
- (c) The price of a NBSCC Contract shall be exclusive of any Value Added Tax or any other duty that may be or become payable on the sale or transfer of NBSCC under a NBSCC Contract and any such duties shall be borne by the Buyer.

7J1.5 DELIVERY UNDER A NATURE-BASED SOLUTION CARBON CREDIT CONTRACT

- (a) Physical delivery of NBSCCs shall be made in accordance with the terms and conditions for the ICE Futures Nature-Based Solution Carbon Credit Futures Contracts and Part N of the ICE Clear Europe Delivery Procedures.
- (b) Delivery shall take place between matched Buyers and Sellers as directed by the Clearing House or Exchange pursuant to Clearing House Rule 703(f).
- (c) Delivery shall be effected upon the completion of the Transfer and confirmation by the Registry of the credit to the Buyer’s nominated Account of NBSCCs in accordance with the Registry Requirements. The Buyer shall notify the Clearing House upon such credit taking place.
- (d) If at any time during the Delivery Period the Exchange or the Clearing House becomes aware that a NBSCC which is not a NBSCC Type is, or has been, the subject of a Transfer, the Clearing House and affected parties may take such steps to rectify the situation in compliance with any Clearing House Directions provided that delivery still occurs in accordance with the terms and deadlines of these ICE Futures Nature-Based Solution Carbon Credit Futures Contract Rules, the Administrative Procedures and the Clearing House procedures.

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7J1.6 EXCLUSION OF LIABILITY

- (a) Save as specifically provided in these ICE Futures Nature-Based Solution Carbon Credit Futures Contract Rules, the Regulations and the Clearing House Rules (and to the extent permitted by law), the Exchange and the Clearing House shall not be liable in connection with a NBSCC Contract, its performance, non-performance or its termination whether based on breach of contract, warranty, negligence or tort.
- (b) Without prejudice to the generality of Rule A.7, in no event, whether for negligence, breach of contract, misrepresentation or otherwise, shall the Clearing House or the Exchange have any liability whatsoever to any Buyer or Seller for:
 - (i) the performance or non-performance by the Registry, including any issues arising with regards to legal title to, and physical delivery of, a NBSCC;
 - (ii) the accuracy of the Registry;
 - (iii) an entry on the Registry not actually referring to an existing or valid NBSCC;
 - (iv) any losses arising on the Insolvency of the Registry;
 - (v) breach of Applicable Laws by the Registry;
 - (vi) whether a NBSCC represents an actual project which has actually resulted in any reduction or removal of carbon or GHG or other objective;
 - (vii) any losses arising from any act or omission of any person providing verification in respect of a NBSCC under the Verified Carbon Standard, the CCB Program or the VCS Program or any other program or certification standard;
 - (viii) any losses incurred as a result of the receipt, acceptance or existence of fraudulent, forged, improperly executed, false, incorrect, unenforceable, negligently prepared or invalid NBSCC or any document relating to the NBSCC;
 - (ix) any losses arising as a result of a NBSCC not having any redeemable value or utility or the same being impaired;
 - (x) the retirement process or any event or circumstances affecting a NBSCC arising before or after the transfer under a NBSCC Contract;
 - (xi) any losses incurred as a result of any NBSCC or document relating to the NBSCC not being freely transferable or deliverable without encumbrance;
 - (xii) any impairment in the validity, enforceability, marketability or commercial value of any NBSCC, whether by virtue of any Applicable Law, any verification system, the action or inaction of any governmental authority, verifying body or other organisation or body, or otherwise;
 - (xiii) any reputational loss or other loss associated with holding a NBSCC;
 - (xiv) any losses arising as a result of nationalisation, expropriation, or other governmental actions, regulation of any NBSCC or of the environment, exchange or currency controls or restrictions on the transfer of property or the execution of NBSCC transactions;
 - (xv) any losses arising from or relating to the failure of any record in an account to constitute a NBSCC;
 - (xvi) any act or omission of an authorised representative of any party;

- (xvii) any losses arising from or relating to any event or condition occurring or existing whether past, present or future, at any property, location or other area (including, without limitation, any land, environmental, biological, natural or man-made structures above or below ground, air within or outside any natural or man-made structure, surface or ground water, waterway, marine waters, and soil and sub-soil strata) to which the NBSCC may relate, including, without limitation, any hazardous material contamination, deforestation, fire, carbon-releasing event, or other event or condition;
 - (xviii) without prejudice to the position that NBSCCs should be regarded as a property right, for any losses resulting from NBSCCs constituting or being found to constitute a mere contractual or other right; and
 - (xix) any losses resulting from any breach or failure by any person of the Verra Terms and Conditions, VCS Program Guide, Verified Carbon Standard, CCB Standards or any other terms or procedures of the Registry.
- (c) The Clearing House and Exchange shall have no responsibility for the accuracy of any information provided to the Buyer or Seller concerning the Registry, a VCU, a certification or a vintage, which has been obtained from or provided to the Clearing House or Exchange by Verra or the Registry.
 - (d) Without prejudice to the rights and obligations of any person party to a Corresponding Contract arising pursuant to a Corresponding Contract, a person who is not the Buyer, Seller, the Exchange or the Clearing House shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any provision contained in a NBSCC Contract made pursuant to these ICE Futures Nature-Based Solution Carbon Credit Futures Contract Rules.

7J1.7 PAYMENT UNDER A NATURE-BASED SOLUTION CARBON CREDIT CONTRACT

- (a) Subject to delivery under 7J1.5 and without prejudice to paragraph (b) of this Rule 7J1.7, the Buyer shall pay the EDSP specified in the NBSCC Contract. Payment will be made by the time referred to in and in accordance with Rule 7J1.9.
- (b) Any difference between the EDSP with respect to the NBSCC Contract and the Contract Price shall be accounted for between the parties to the NBSCC Contract in accordance with the Clearing House procedures.

7J1.8 SELLER'S OBLIGATIONS

- (a) In respect of a NBSCC Contract the Seller shall:
 - (i) ensure that it holds or is able to procure sufficient transferable NBSCCs of the NBSCC Type which may, pursuant to Rule 7J1.1(f), be traded and delivered under a NBSCC Contract;
 - (ii) ensure that all and any instruments delivered pursuant to a NBSCC Contract are NBSCCs of a NBSCC Type which may be traded and delivered under a NBSCC Contract;
 - (iii) deliver NBSCCs free and clear of all liens, security interests, claims and encumbrances or any interest in or to them by any other person;
 - (iv) conduct its affairs so as not to give the Registry cause to refuse, reject or cancel (whether in whole or in part) any Transfer or to suspend or restrict the Seller's right to request or effect any Transfer (including, without limitation, suspension or cancellation of any relevant Account);
 - (v) maintain in full force and effect all Required Authorisations at all appropriate times;
 - (vi) give the Clearing House, for the purposes of delivery under Rule 7J1.5, any details required by the Clearing House as specified in the Administrative Procedures, the Clearing House procedures or under any Clearing House Direction from time to time;

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- (vii) comply with the applicable provisions of the Registry's terms and conditions, these ICE Futures Nature-Based Solution Carbon Credit Futures Contract Rules, the Administrative Procedures, the Clearing House Rules and any Clearing House Direction;
 - (viii) notify the Clearing House immediately, in accordance with the Clearing House procedures, if the Seller fails to comply, or may fail to comply, in respect of any delivery obligations or deadlines under these ICE Futures Nature-Based Solution Carbon Credit Futures Contract Rules, the Administrative Procedures, the Clearing House Rules or any Clearing House Direction;
 - (ix) make payment of any amounts due and payable pursuant to and in accordance with these ICE Futures Nature-Based Solution Carbon Credit Futures Contract Rules, the Administrative Procedures, and the Clearing House Rules;
 - (x) perform all other obligations imposed on the Seller under these ICE Futures Nature-Based Solution Carbon Credit Futures Contract Rules, the Administrative Procedures and the Clearing House procedures; and
 - (xi) be and continue to be a Selling Counterparty as defined in the Clearing House Rules.
- (b) The Seller shall be responsible for the performance of all of its obligations under the NBSCC Contract, and shall perform such obligations in a timely manner. The Seller shall be responsible for all actions and omissions of an Authorised Representative acting or purporting to act on its behalf in relation to any NBSCC Contract or any related obligations.
- (c) Any obligation upon the Seller to pay any costs, charges or expenses of any form shall be for its own account and shall include, but not be limited to, all fees and charges levied by the Registry attributable to the Transfer or the holding of its Account in respect of a NBSCC Contract to which the Seller is party.

7J1.9 BUYER'S OBLIGATIONS

- (a) In respect of a NBSCC Contract, the Buyer shall:
- (i) conduct its affairs so as not to give the Registry cause to refuse, reject or cancel (whether in whole or in part) any Transfer or to suspend or restrict the Buyer's ability to receive any Transfer (including, without limitation, suspension or cancellation of any relevant Account);
 - (ii) maintain in full force and effect all Required Authorisations at all appropriate times;
 - (iii) give the Clearing House details of the Account for the purposes of delivery under Rule 7J1.5 and in accordance with the Administrative Procedures and any other details required by the Clearing House as specified in the Administrative Procedures or the Clearing House procedures from time to time;
 - (iv) comply with the applicable provisions of the Registry Requirements, these ICE Futures Nature-Based Solution Carbon Credit Futures Contract Rules, the Administrative Procedures, the Clearing House procedures and any Clearing House Direction;
 - (v) notify the Clearing House immediately, in accordance with the Clearing House procedures, if the Buyer fails to comply, or may fail to comply, in respect of any delivery obligations or deadlines under these ICE Futures Nature-Based Solution Carbon Credit Futures Contract Rules, the Administrative Procedures, the Clearing House Rules, the Clearing House procedures or any Clearing House Direction;
 - (vi) make payment of any amounts due and payable pursuant to and in accordance with these ICE Futures Nature-Based Solution Carbon Credit Futures Contract Rules, the Administrative Procedures, the Clearing House Rules or the Clearing House procedures;

- (vii) perform all other obligations imposed on the Buyer under these ICE Futures Nature-Based Solution Carbon Credit Futures Contract Rules, the Administrative Procedures and the Clearing House procedures; and
- (viii) be and continue to be a Buying Counterparty as defined in the Clearing House Rules.
- (b) The Buyer shall be responsible for the performance of all of its obligations under the NBSCC Contract, and shall perform such obligations in a timely manner. The Buyer shall be responsible for all actions and omissions of an Authorised Representative acting or purporting to act on its behalf in relation to any NBSCC Contract or any related obligations.
- (c) Any obligation upon the Buyer to pay costs, charges or expenses of any form shall be for its own account and shall include, but not be limited to, all fees and charges levied by the Registry attributable to the Transfer and its Account in respect of a NBSCC Contract to which the Buyer is party.

7J1.10 BUYER'S AND SELLER'S SECURITY

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

7J1.11 ARBITRATION AND DISPUTE RESOLUTION

The Buyer and the Seller acknowledge that, any disputes relating to the NBSCC Contract shall be determined in accordance with the arbitration provisions in the Regulations.

7J1.12 FORCE MAJEURE

- (a)
 - (i) If, before the first and any subsequent Delivery Period, the Registry is, as a result of official written public pronouncement by any duly authorised body, including and self-regulatory organisation, is to be discontinued or is significantly amended in a manner which prevents the performance of delivery and Transfer obligations in accordance with the ICE Futures Nature-Based Solution Carbon Credit Futures Contract Rules and Procedures, the Clearing House may invoice back any open contract in accordance with the Clearing House procedures, at a price to be fixed by the Exchange or a body appointed by the Exchange, in its absolute discretion. Such price shall be binding on the parties and no dispute as to such price may be referred to arbitration under the Arbitration Rules. In such case neither the Buyer, the Clearing House, nor the Seller shall have any further delivery, Transfer or payment obligations under or in respect of the open ICE Futures Nature-Based Solution Carbon Credit Futures Contract(s).
 - (ii) If, before the first and any subsequent Delivery Period, Registry is, as a result of official written public pronouncement by any duly authorised body, including any self-regulatory organisation, temporarily not operating to the extent that the delay prevents the performance of delivery and Transfer obligations in accordance with the ICE Futures Nature-Based Solution Carbon Credit Futures Contract Rules and Procedures, the Exchange may, at the close of business of the relevant contract month on the last day of trading for that contract month, transfer the open positions in the relevant contract month to the next forward contract month at a price and by such means to be fixed by the Exchange, in their absolute discretion.
- (b) Force Majeure shall, in relation to the Buyer or the Seller as the case may be, include the occurrence of any event (except as provided otherwise in Rule 7J1.12(e)) which is outside the reasonable control of such party, and which prevents the debiting or crediting of the Buyer's or Seller's Accounts at the Registry so that a Transfer cannot be effected during the Delivery Period. Without limitation to the foregoing, an event of Force Majeure shall include:
 - (i) a public statement by an appropriate authority, or by the Registry, of an occurrence of an event outside the reasonable control of the Registry so as to prevent a Transfer taking place

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- during that Delivery Period, and which is endorsed by the Exchange as a declaration of Force Majeure in respect of the Registry; and
- (ii) subject to Rule 7J1.12(e)(iii), the Registry suspending the submission of Transfers or the effecting of Transfers.
- (c) Subject to Rule 7J1.12(a) and Rule 7J1.12(c), the occurrence of the following events shall not give rise to Force Majeure:
- (i) the refusal or rejection by the Registry of a Transfer submitted by the Seller;
 - (ii) the inability to make a Transfer owing to a problem within the central systems or processes established under the Registry Requirements for the receipt and acceptance of Transfers, but only to the extent that contingency arrangements exist under the Registry Requirements by which the Seller or the Buyer can reasonably be expected to make or accept the Transfer (as the case may be) in accordance with any Clearing House Direction;
 - (iii) an insufficient amount of (or in the event that there are no) NBSCCs in the Seller's Account to enable the Seller to effect the Transfer, whether caused by non-allocation or low allocation of NBSCC or for any other reason; or
 - (iv) the non-validity for any reason of any NBSCC that is to be subject to the Transfer.
- (d) A Seller or a Buyer who is party to a NBSCC Contract shall not be entitled to relief through the occurrence of an event of Force Majeure under this Rule 7J1.12 unless such party has notified the Clearing House and the Exchange.
- (e) Upon request by the Clearing House and/or the Exchange, a party seeking Force Majeure relief under this Rule 7J1.12 shall provide all information required by the Clearing House and/or the Exchange as soon as practicable to assist the Exchange in determining whether an event of Force Majeure has occurred. Whether an event of Force Majeure has occurred shall be determined by the Exchange.
- (f) If Force Majeure prevents the affected party from performing its obligations under a NBSCC Contract, the NBSCC Contract may be invoiced back by the Clearing House, in accordance with the Clearing House procedures, at a price to be fixed by the Exchange, or a body appointed by the Exchange, in their absolute discretion. Such price shall be binding on the parties and no dispute as to such price may be referred to arbitration but completion of invoicing back shall be without prejudice to the right of either party to refer the question of the existence, extent or duration of the Force Majeure or any default or related dispute to arbitration under the Arbitration Rules.