

**CONTRACT RULES: ICE FUTURES ENVIRONMENTAL INDEX  
FUTURES CONTRACTS**

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**SECTION 711 - CONTRACT RULES: ICE FUTURES ENVIRONMENTAL INDEX FUTURES CONTRACTS**

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711.1 INTERPRETATION<sup>1</sup>

(a) Save as otherwise specified herein, words and phrases defined in the Regulations shall have the same meanings in these Contract Rules and in the Administrative Procedures (together “**Contract Terms**”).

(b) In these Contract Rules and in the Administrative Procedures:

“Administrative Procedures” means all administrative procedures at Rule 7I2 implemented by the Exchange from time to time for the purposes of these Contract Rules.

“business day” means a day on which the relevant Contract is open for trading

~~(i) in relation to an Index for which there is a single relevant Constituent Market, a market day on which such Constituent Markets is open for business;~~

~~or~~

~~(ii) in relation to an Index for which there is more than one Constituent Market, a market day on which all such Constituent Markets are open for business.~~

“Closing Index Level” means the official closing level of the Index as calculated by the Index Provider or Index calculator, as the case may be, at the close of trading on the relevant business day.

“Constituent Markets” means the environmental markets (including but not limited to trading exchanges) that make up the relevant Index.

“Contract” means a contract made under these Contract Rules for the sale and purchase of one or more lots in respect of an Index, and “registered Contract” means a Contract registered by the Clearing House.

“delivery month” means each month specified in the Table.

“EDSP” means the Exchange Delivery Settlement Price and has the meaning attributed to it in Rule 7I1.5.

“EDSP Time” means the period specified as such in the Administrative Procedures.

“ICE Data Indices” means ICE Data Indices, or, its agents or successors in publishing the relevant Index.

<sup>1</sup> Amended 01 September 2016, 5 November 2018, 01 March 2019

“ICE Futures Environmental Index Futures Contracts”	means the Contracts based on the following indices:  ICE Global Carbon Futures Index.
“Index”	means the specification in accordance with the Index Methodology of:  (i) a nominated environmental index, as identified in the Table;  (ii) a list of environmental markets in such index (the “constituent markets”); and  (iii) the algorithm in accordance with which prices of such constituent markets are combined to generate a single figure (an “Index figure”) which is calculated by the Index Provider and published from time to time.
“Index Provider”	means ICE Data Indices.
“Index Methodology”	means, the “ICE Data Indices Rules and Methodology ICE Global Carbon Futures Index” or its successor, issued by ICE Data Indices from time to time.
“Last Trading Day”	has the meaning ascribed to it in the Table except that, if that day is not a business day then the Last Trading Day shall be the last business day preceding such day (subject in all cases to Rule 711.4).
“market day”	means a day on which the Clearing House and banks in London are open for business.
“Market Disruption Events”	as defined in the ICE Data Indices Rules and Methodology ICE Global Carbon Futures Index.
“minimum price fluctuation”	has the meaning attributed to it in Rule 711.3(a).
“Settlement Day”	means, in respect of a delivery month, the second market day after the Last Trading Day.
“Table”	means the table of contract details specified by the Exchange for ICE Futures Environmental Index Futures Contracts in these Contract Rules.
“Weighting”	means the factor which, when multiplied by the price of a Constituent Market determines the contribution to the Index figure made by that Constituent Market.
“USD” and “\$”	denotes the lawful currency of the United States of America, known, at the date of issue of these Contract Rules, as the “dollar.”

**711.2 CONTRACT SPECIFICATION**

- (a) These Contract Rules shall apply to all Contracts.
- (b) Each Contract shall be for one or more lots for the delivery month specified.

**711.3 PRICE**

- (a) Bids and offers shall be quoted in Index points and prices shall be a whole number multiple of the minimum price fluctuation, as specified in the Table.
- (b) One Index point shall be 1.0 and shall have the value per lot as specified in the Table.

**711.4 LAST TRADING DAY**

- (a) On the Last Trading Day:
  - (i) trading in Contracts for the relevant delivery month shall cease at such time as may be specified in the Administrative Procedures; and
  - (ii) on the market day following the Last Trading Day, the Exchange will calculate the EDSP in accordance with Rule 711.5.
- (b) If after the commencement of trading on the Last Trading Day in respect of a delivery month the Index Provider, for any reason, does not calculate or does not publish, or ceases to publish the Index or, for any other reason, the Exchange does not display the Index figure on the market, with the effect that trading in Contracts for that delivery month is, in the opinion of the Exchange, substantially prevented or hindered or the EDSP cannot be determined in accordance with Rule 711.5, then either:
  - (i) cessation of trading in Contracts for the current delivery month may be postponed until such later time on that day as the Exchange may in its absolute discretion specify by notice posted on the market, in which case the EDSP shall be calculated by such method determined by the Exchange; or
  - (ii) if, in the opinion of the Exchange, the course described in paragraph (i) of this Rule 711.4(b) would be impossible, impracticable or for any reason undesirable, it may by notice posted on the Market declare that day not to be the Last Trading Day and the next following business day, or any later business day chosen by it in its absolute discretion, to be the Last Trading Day in its place.

**711.5 EXCHANGE DELIVERY SETTLEMENT PRICE (“EDSP”)**

- (a) The EDSP for a particular delivery month shall, subject as provided in Rule 711.6 and Rule 711.10, be the Closing Index Level (but subject to any corrections in accordance with Rule 711.6), on the Last Trading Day as specified for this purpose in the Administrative Procedures, rounded in accordance with the rounding convention specified in the Table.
- (b) The EDSP shall be final and binding for all purposes, notwithstanding the fact that the Index Provider, may subsequently recalculate any relevant Index figures.

- (c) The Exchange may from time to time amend the method for and timing of the calculation of the EDSP for any reason determined by the Exchange and any such changes shall have such effect with regard to existing and/or new Contracts as the Exchange may determine.

**711.6 ERRORS IN INDEX**

- (a) Where errors have occurred in the determination or calculation of the Index Closing Level, the decision to make a restatement will be assessed by the Index Provider on a case-by-case basis, taking into account the significance, impact age and scale of the error, in accordance with the ICE Data Indices Rules and Methodology for the ICE Global Carbon Futures Index.
- (b) Neither the Exchange nor its officers, employees, agents or representatives shall have any liability whatsoever in respect of any decision as to whether or not to correct Index figures or as to the amount of any correction, or as to whether or not to re-determine the EDSP.

**711.7 PAYMENT**

- (a) In respect of each lot comprised in a Contract the following payments shall be made by the time specified therefor in the Administrative Procedures:
  - (i) where the final EDSP exceeds the Contract price, payment by the Seller to the Clearing House and payment by the Clearing House to the Buyer of an amount calculated by multiplying the difference in Index points between the EDSP and the Contract price by the value per lot as specified in the Table; and
  - (ii) where the Contract price exceeds the final EDSP, payment by the Buyer to the Clearing House and payment by the Clearing House to the Seller of an amount calculated by multiplying the difference in Index points between the Contract price and the EDSP by the value per lot as specified in the Table.

**717.8 DEFAULT IN PERFORMANCE**

- (a) A Buyer or a Seller shall be in default in performance where:
  - (i) he fails to fulfil his obligations under a Contract by the time and in the manner prescribed and in accordance with these Contract Rules, the Regulations, the Administrative Procedures or the Clearing House Rules; or
  - (ii) he fails to pay any sum due to the Clearing House in respect of a registered Contract by the time specified in these Contract Rules or in the Administrative Procedures or under the Clearing House Rules; or
  - (iii) in the reasonable opinion of the Exchange and/or the Clearing House he is in default.
- (b) Subject to the default rules of the Clearing House, in the event of default in performance by a Buyer or a Seller in respect of a registered Contract, the Exchange may, at the request of the Clearing House, forthwith fix a price for invoicing back and each lot at issue may then be invoiced back at that price. Such price may, at the Exchange's absolute discretion, take account of any compensation the Exchange may consider should be paid by either party to the other.

**711.9 FORCE MAJEURE**

- (a) Subject to any steps taken at any time by the Exchange under emergency powers in the Regulations and subject to the default rules of the Exchange and the Clearing House, a Seller or

a Buyer shall be liable to perform his obligations in respect of a lot comprised in a Contract by the due time therefor, notwithstanding that he may be or is likely to be prevented from so doing by any event beyond his reasonable control including, without limitation, any act of God, strike, lockout, war, armed conflict, use of force by authority of the United Nations, fire, riot or civil commotion, combination of workmen, act of terrorism, breakdown of machinery, unavailability or restriction of computer or data processing facilities or energy supplies or bank transfer systems.

#### **711.10 MARKET DISRUPTION EVENT**

- (a) In respect of the ICE Futures Environmental Index Futures Contracts, the Exchange will publish the EDSP in accordance with Rule 711.5 on the market day following the Last Trading Day, unless the Exchange is notified of a Market Disruption Event by the Index provider (ICE Data Indices) affecting the trading of relevant Environmental Index underlying Constituent on the Last Trading Day of the Index futures expiry.

In case of a Market Disruption Event the Index administrator will evaluate the Market Disruption Events on an event-by-event basis to determine an appropriate course of action, according to the ICE Data Indices Rules and Methodology ICE Global Carbon Futures Index Futures.

If the Index Provider for any reason does not calculate or does not publish or ceases to publish the Index because of a Market Disruption Event on the Last Trading Day, then the EDSP will be determined in accordance with Rule 711.4(b).

#### **711.11 STATEMENT IN RELATION TO EDSP PRICE FORMATION**

- (a) The Exchange draws the following statement to the attention of potential users of its ICE Futures Environmental Index Futures Contracts. Members should ensure that their clients are made aware of the Statement.

*“Statement in relation to EDSP Price Formation*

*Potential users of the ICE Futures Environmental Index Futures Contracts (the “Contracts”) made available on ICE Futures Europe should familiarise themselves with the relevant “Index” (as defined in the relevant Contract Rule) compilation and calculation procedures, as well as the relevant Contract Rules of the Contracts.*

*Price formation leading to the “EDSP” (as defined in the relevant Contract Rule) for the Contracts is subject to similar influences to those in the case of many other cash-settled contracts. Trading activity on the relevant market(s) during the EDSP period is likely to be affected by the activity of particular market participants who are seeking to obtain price convergence at the EDSP between offsetting positions. Such participants might typically seek to achieve this by unwinding their positions during the EDSP period at prices which they anticipate will contribute to the calculation of Index figure(s) which will, in turn, be used to determine the final EDSP. A consequence of this concentrated activity might be that for the Contracts, the Index figure used to determine the final EDSP differs from the Index level(s) implicit from the prices of relevant markets during the immediately preceding period.*

*Potential users should, therefore, consider the risks of holding positions into the expiry of the Contracts. In particular, they should consider their exposure to potentially unfavourable price movements in the expiry and whether to take steps to neutralise such exposure; for example, taking into account that there may be relatively limited liquidity provision, whether to “roll” or close positions prior to expiry.*

*Potential users should also be aware that, in respect of the Contracts based on Indices for which there is more than one “constituent market” (as defined in the relevant Contract Rule), a*

*“business day” (as defined in the relevant Contract Rule) does not always coincides with the relevant Index being calculated, in accordance with the ICE Global Carbon Futures Index Methodology. The “Last Trading Day” (a defined in the relevant Contract Rule) will always be on a business day when the relevant Index is calculated.*

*See Rule I.25 of the ICE Futures Europe Regulations for additional risk disclosures.”*

**711.12      Attributions**

The ICE Global Carbon Futures Index (“**Index**”) is a service mark of ICE Data Indices, LLC or its affiliates (“**ICE Data**”) and has been licensed for use by ICE Futures Europe in connection with the ICE Global Carbon Futures Index. The ICE Global Carbon Futures Index is not sponsored, endorsed, sold or promoted by ICE Data. ICE Data makes no representations or warranties regarding the advisability of investing in securities or futures contracts, and any such investment based upon the performance of the Index particularly, or the ability of the Index to track general stock market performance.

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**CONTRACT RULES: ICE FUTURES ENVIRONMENTAL INDEX  
CONTRACTS**

**TABLE  
CONTRACT DETAILS SPECIFIED BY THE EXCHANGE FOR ICE FUTURES ENVIRONMENTAL INDEX FUTURES CONTRACTS**

<b>Contract</b>	<b>Global Carbon Index Futures</b>	
<b>Index</b>	Global Carbon Futures Index Excess Return	
<b>Currency specified by the Exchange</b>	USD \$	
<b>Contract size</b>	Valued at \$50.00 per Index point	
<b>Minimum price fluctuation</b>	0.20 of an Index point	
<b>Delivery months</b>	March, June, September, December	
<b>No. of delivery months available for trading</b>	Twelve months in the March, June, September and December quarterly cycle	
<b>Quotation</b>	Index points (e.g. 1000.0)	
<b>Last Trading Day</b>	Last business day of the month before the Contract Series. If the Underlying Index is not calculated on that day the Last Trading Day shall be the preceding business day on which the Underlying Index is calculated.	
<b>EDSP: rounding convention</b>	Rounded to the nearest 0.001 or, where such average is an exact uneven multiple of 0.0005, to the nearest higher 0.001	