

SECTION 7F2 - PROCEDURES: ICE FUTURES UKA AUCTION CONTRACT¹

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¹ Inserted 19 May 2021.

7F2.1 AUCTION

Introduction

- (a) The terms set out in this Section 7F2.1 of these Regulations govern the auctioning of UKA Auction Contracts (pursuant to an Auction) which will be administered by the Exchange.
- (b) The terms set out in this Section 7F2.1 of these Regulations shall apply to every Auction conducted by the Exchange in relation to UKA Auction Contracts. However, they may be modified or supplemented for any particular Auction pursuant to the relevant Auction Specifications as set out in paragraph (h).

The Auction Process

- (c) Any Auctions of UKA Auction Contracts will take place after the Exchange has issued a circular specifying that an auction or auctions are to take place (such circular, the “**Auction Announcement Circular**”).
- (d) Only an Auction Participant that is eligible to submit a bid in accordance with Regulation 16 and 17 of the GG ETS Auctioning Regulations will be entitled to bid in an Auction. An Exchange Member which submits any bid for its own account or for the account of any of its clients must itself be registered with the Exchange as an Auction Participant. An Exchange Member which is an Auction Participant shall ensure that its clients (and the clients of such clients and so on) who wish to participate in an Auction meet the eligibility requirements of Regulation 16 and 17 of the GG ETS Auctioning Regulations. An Exchange Member which submits bids in connection with any Auction must provide a list in the format of the template list set out in Annex A to this Section 7F2 of the Regulations (as amended by Circular or otherwise, from time to time), to the Exchange, of Auction Participants to which it provides access, specifying the full legal name, jurisdiction, registered address and Clearing Account of each Auction Participant (the “**Auction Participant List**”) two Business Days prior to the relevant Auction, or such shorter period as the Exchange may consider appropriate, subject, in all cases, to Rule 7F2.1(j). By submitting an Auction Participant List, an Exchange Member shall be deemed to represent and warrant to the Exchange that any Auction Participant listed in the Auction Participant List is eligible to bid pursuant to Regulation 16 and 17 of the GG ETS Auctioning Regulations and that, where applicable, such Auction Participant has been admitted to bid pursuant to Regulation 18 and 19 of the GG ETS Auctioning Regulations. The Auction Participant List must be updated by Exchange Members from time to time. If a bid is received during the Bidding Window from an Auction Participant that is not an Exchange Member and the relevant bid: (i) specifies an Exchange Member but the Auction Participant is not included in the latest Auction Participant List provided to the Exchange by the Exchange Member pursuant to this paragraph; or (ii) is associated with a Clearing Account which is not the Clearing Account associated with such Auction Participant in the latest Auction Participant List provided to the Exchange by the Exchange Member pursuant to this paragraph, such bid will be invalid and void and will be ignored. Only an Auction Participant’s representative authorised to bind such Auction Participant and, in the case of an Auction Participant that is an Exchange Member, is registered with the Exchange as that Auction Participant’s contact, or in the case of an Auction Participant that is not an Exchange Member, is named on the Auction Participant List maintained by the relevant Exchange Member as that Auction Participant’s representative, may submit, modify or withdraw a bid on behalf of that Auction Participant.
- (e) The Auctioneer Seller shall, from time to time, provide a list, to the Exchange, of persons who are in a position to exercise, directly or indirectly, a significant influence over its management and persons working under it. Such persons shall not be eligible to be Auction Participants.

- (f) The Exchange may at its discretion determine which particular UKA Auction Contracts or packages of UKA Auction Contracts are to be subject to a particular Auction lot. The Clearing House may sell lots in such order as it considers appropriate.
- (g) In respect of each Auction or series of Auctions, the Exchange will, by circular or otherwise, provide each Auction Participant in advance with information about the UKA Auction Contracts to be auctioned, the timing for the bidding process, participation criteria and other matters in writing in the format of the template Auction Specifications set out in Annex B to this Regulation 7F2 of the Regulations (such document, the “**Auction Specifications**”). The Auction Specifications may include amendments or additions to any provision of these Regulations or may disapply any provision of this Section 7F2.1 of the Regulations to the extent not inconsistent with Registry Regulations, and may cover multiple Auctions or series of Auctions. In the event of any conflict between the Auction Specifications and these Regulations in respect of any particular Auction, the Auction Specifications shall prevail.
- (h) Auction Participants shall be treated equally as regards the provision of information by the Exchange.
- (i) All bids must be submitted electronically to the Auction Platform, and must be associated with the Clearing Account assigned to the Auction Participant in accordance with the relevant Auction Participant List submitted to the Exchange. Where an Auction Participant intends to submit a bid associated with a Clearing Account which has not been previously notified to the Exchange, the relevant Auction Participant List must be submitted by the relevant Exchange Member 10 Business Days prior to the relevant Auction, or such shorter period as the Exchange may consider appropriate. Bids must be received during the Bidding Window (as defined below) and prior to the Closing Time (as defined below) specified by the Exchange in the relevant Auction Specifications. Auction Participants or, where such Auction Participant is a Customer (as defined in the Clearing House Rules), the Clearing Member of such Customer, shall be required by the Clearing House to post additional Margin as a condition of and prior to the Auction Participant being entitled to submit a valid bid.
- (j) The Auction will proceed pursuant to a ‘sealed bid’ process whereby the relevant Auction Participants will be asked to submit a single price for a specified number of UKA Auction Contracts. The successful bidders will be determined in accordance with Regulation 6 and Regulation 7 of the GG ETS Auctioning Regulations. The Exchange will announce the results of each auction no later than 15 minutes after the Closing Time and, at the same time, will notify the successful Auction Participants (and, if different, the Buyer (as defined below)) that they are successful.
- (k) The Buyer (as defined below) may be required by the Clearing House to make an intra-day Margin payment after the Closing Time.

The Bidding Process

- (l) The Exchange is not obliged to solicit bids from all Exchange Members or clients of Exchange Members. Only Auction Participants in relation to a particular Auction may participate in an Auction.
- (m) An Auction Participant may make multiple bids on its own account. A bid made by a client of an Exchange Member that is an Auction Participant shall be treated as a bid made on behalf of its Exchange Member as a Member’s Representative.
- (n) All the requirements of the Rules concerning the provision of information to the Exchange apply in respect of the submission of bids by an Auction Participant.

- (o) Bids can only be submitted during the time window specified by the Exchange in the Auction Specifications (the “**Bidding Window**”) which will be opened and closed on the same trading day and will be at least two hours. The Bidding Window will end at the closing time specified by the Exchange for the relevant Auction in the Auction Specifications (the “**Closing Time**”).
- (p) A bid must be in respect of all Allowances in an UKA Auction Contract and all UKA Auction Contracts in any relevant lot as specified by the Exchange pursuant to Rule 7F2.1(g). Any partial bids will be invalid and void.
- (q) No Auction Participant may make a referential bid or make a bid that is subject to conditions. Any such bid will be treated as invalid and void. Bids must be submitted to the Auction Platform electronically in the manner specified by the Exchange in the Auction Specifications
- (r) Auction Participants are not under any obligation to submit bids. Submitted bids may only be modified or withdrawn prior to a given deadline before the Closing Time, such deadline being specified by the Exchange on its website at least five trading days prior to the start of the Bidding Window. Bids submitted but not withdrawn or modified after this deadline are irrevocable. If the Exchange is satisfied, upon the request of an Auction Participant, that a genuine mistake has been made in the submission of a bid, the Exchange may, at its own discretion, withdraw the bid, even after the Closing Time but before the Auction Clearing Price is determined.
- (s) The time at which any bid is received will be the time that the Exchange records the bid as being received. Any bid received after the Closing Time will be treated as invalid and void.
- (t) Any bid that does not comply with the requirements of these Regulations or the Auction Specifications will be treated as invalid and void.

Participation In The Auction

- (u) The Exchange may allow non-Exchange Members to participate in an Auction in the same way as Exchange Members, provided that the non-Exchange Member in question is an Auction Participant, subject to the requirements in this paragraph, paragraph (d) and paragraphs (w) to (bb).
- (v) An Auction Participant must either be an Exchange Member or, if it is not an Exchange Member, must nominate an Exchange Member that is an Auction Participant of which it is a client (or a client of a client). Bids by an Auction Participant that is not an Exchange Member shall be treated as bids made by the Exchange Member on behalf of the Auction Participant with the Auction Participant acting as a Member's Representative. For such purposes the relevant Exchange Member may make an unlimited number of separate bids in respect of its clients (or the clients of a client) (in addition to any bids for its own account). A client (or the client of such client) of an Exchange Member that is an Auction Participant may make multiple bids on its own account.
- (w) An Auction Participant must:
 - (i) be eligible to apply for admission to bid under Regulation 16 and 17 of the GG ETS Auctioning Regulations;
 - (iii) hold a Nominated Holding Account;
 - (iv) hold a Clearing Account;
 - (v) appoint at least one bidder's representative as defined in Regulation 5(5) of the GG ETS Auctioning Regulations;

- (vi) satisfy the Exchange in line with applicable customer due diligence measures as to their identity, the identity of their beneficial owners, integrity, business and trading profile having regard to the means of establishing the relationship with the bidder, the type of bidder, the nature of the auctioned product, the size of prospective bids, and the means of payment and delivery;
- (vii) satisfy the Exchange of their financial standing, in particular, that they are able to meet their financial commitments and current liabilities as they fall due;
- (viii) have in place or are able to put in place when requested, the internal processes, procedures and contractual agreements necessary to give effect to a maximum bid-size imposed pursuant to Regulation 40 of the GG ETS Auctioning Regulations;
- (ix) provide Margin prior to the Bidding Window or have arrangements in place whereby a Clearing Counterparty provides such Margin; and
- (x) ensure that, where bidding on behalf of a client:
 - (A) such client is an eligible person under Regulations 16 and 17 of the of the GG ETS Auctioning Regulations;
 - (B) they have or will have in good time prior to the opening of the Bidding Window adequate internal processes, procedures and contractual agreements necessary to:
 - (1) enable them to process bids from their clients including the submission of bids, collection of payment and transfer of UK Carbon Emissions Allowances;
 - (2) prevent the disclosure of confidential information from that part of their business responsible for receiving, preparing and submitting bids on behalf of their clients to that part of their business responsible for preparing and submitting bids on their own account; and
 - (3) ensure that their clients who themselves are acting on behalf of clients bidding in the Auctions apply the requirements set out in Rule 7F2.1(x) to their clients and that they require the same of their clients and of the clients of their clients and so on until and including the underlying bidder.
- (x) An Exchange Member that is an Auction Participant may only facilitate a bid with respect to its client Auction Participant if it:
 - (i) has established, implemented and applied an anti-money laundering policy and programme in accordance with applicable laws, such as the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (as amended from time to time) or equivalent applicable laws;
 - (ii) without limitation to the generality of the foregoing, has carried out all required customer due diligence and related record-keeping in relation to its client and any other “beneficial owners” (within the meaning of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (as amended from time to time) or other applicable and equivalent laws);

(iii) is a person falling under article 39(3) of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (as amended from time to time);

(iv) consents to the Exchange and the Clearing House relying upon its customer due diligence, and agrees, if requested by the Exchange or the Clearing House within five years of the date on which its relationship with its client ends, to provide, as soon as reasonably practicable, any information about its client (and any beneficial owner); and

(v) procures that, where its client in turn is bidding on behalf of a client of its own, the ultimate client and any intermediating parties are treated as 'beneficial owners' for the purposes of this provision,

and so on, until "client" at the beginning of this Rule 7F2.1(y) refers to the underlying bidder.

- (y) Clearing Members allowing their Customers (or the clients of such Customers) to bid may be subject to additional Margin calls prior to or after the Closing Time.
- (z) Any bid made by an Auction Participant shall be deemed to be a bid made by the Clearing Member associated with that Auction Participant in the relevant Auction Participant List and that Clearing Member shall become liable as principal for the bid and for the entry into of UKA Auction Contracts in the same way as it is liable for and becomes party to other Contracts entered into for its Proprietary Account or Customer Account (as applicable and as defined in the Clearing House Rules) or otherwise for its Customers pursuant to these Regulations and the Clearing House Rules. A Sponsored Principal may only bid for its Individually Segregated Sponsored Account and may not bid for any client. A Clearing Member may bid for any Individually Segregated Sponsored Account for which it acts as Sponsor. A bid by either a Sponsor or Sponsored Principal will be considered valid if received from either party. A Sponsor and Sponsored Principal shall become jointly liable as principal for the bid and for the entry into of UKA Auction Contracts in the same way as they are liable for and become party to other Contracts entered into in respect of an Individually Segregated Sponsored Account pursuant to these Regulations and Clearing House Rules.
- (aa) By participating in any Auction, the client of an Exchange Member, (and any client of such client, and so on) and the relevant bidder each agree to become bound by these Regulations, as if such person were an Exchange Member in respect of its conduct relating to the Auction. For the purposes of the Regulations, such client(s) and bidder(s) shall be considered Person Subject to the Regulations or person subject to the Regulations.
- (bb) No Exchange Member or Clearing Member shall have a structure and level of fees as well as any related conditions with its clients or Customers, as the case may be, which is less favourable in respect of UKA Auction Contracts than comparable standard fees and conditions applied on the secondary market. Where an Exchange Member or a client of an Exchange Member applies additional fees and conditions in providing access only to the Auctions, these shall be clearly stated, easily understandable and publicly available on its website distinguishing between fees and conditions which are being applied to persons admitted to bid only in the Auctions, if these are available, from fees and conditions applied to persons admitted to bid in the Auctions who are also participants in the secondary market.
- (cc) Each Exchange Member or a client of such Exchange Member that is an Auction Participant and is listed by the Exchange from time to time in a circular or otherwise on its website as providing direct access to Auctions (an "**Auction-only Access Provider**") will allow full, fair and equitable access to Auctions to Auction Participants that are not Exchange Members. An Auction-only Access Provider will grant access to Auctions to any prospective auction participant who submits to it an electronic application (in the form specified by the Exchange)

for such access to Auctions. An application for access to Auctions shall at least include the elements listed in the Schedule to the GG ETS Auctioning Regulations including duly certified copies of all supporting documents required to demonstrate the applicant satisfies the requirements of Regulations 17(2) and (3) and any further information requested by the Exchange. Where an Auction-only Access Provider applies additional fees and conditions in relation to providing direct access to Auctions, these shall be clearly stated, easily understandable and publicly available on its website. An Auction-only Access Provider will cooperate with, and provide up to date information to, the Exchange with respect to such fees and conditions. The Exchange will, by circular or otherwise, maintain on its website all fees and conditions applied by it and the Clearing House to Auction Participants.

- (dd) An Auction-only Access Provider that has received an application for access to Auctions pursuant to Rule 7F2.1(dd) above shall grant unconditional access, conditional access or shall only refuse access to Auctions and may only revoke or suspend any application or its client Auction Participant's application to bid, as applicable, in either case in accordance with Regulations 18 and 19 of the GG ETS Auctioning Regulations. Such Auction-only Access Provider will provide notifications to an Auction Participant, pursuant to Regulation 18(11) and 19(5), in English. An Auction-only Access Provider that facilitates bids on behalf of its client Auction Participants shall notify the Exchange without delay when it refuses an application for admission to bid or revokes or suspends an existing Auction Participant's admission to bid. The Exchange may monitor decisions to admit, refuse, revoke or suspend access to Auctions to ensure compliance with the Registry Regulations and this Section 7F2 of the Exchange Rules. Auction Participants shall have recourse to the Complaints Resolution Procedure with respect to decisions to admit, refuse, revoke or suspend access to Auctions provided any relevant complaint constitutes an "Eligible Complaint" as defined therein and subject to the terms and conditions set out therein.

Selection Of The Winning Bid

- (ee) Where, in respect of a particular Auction, the Auction Clearing Price is significantly under the price on the secondary market prevailing during and immediately before the Bidding Window when taking into account the short term volatility of the price of Allowances over a defined period preceding the Auction and every bid is significantly below the prevailing secondary market price, the Exchange will not determine an Auction Clearing Price.

Where an Auction Clearing Price cannot be determined, the unsold UK Carbon Emissions Allowances will: (i) be added to the next four auctions to be held by the Exchange, evenly distributed, so that a quarter of the unsold UK Carbon Emissions Allowances is added at each subsequent Auction; or (ii) if all the next four Auctions would be increased to more than 125% of their first proposed volume, be added to the market stability mechanism in accordance with Regulations 6(8) of the GG ETS Auctioning Regulations.

- (ff) The Exchange may at its discretion set a maximum bid size per Auction Participant, in consultation with the relevant Governmental Authority. If a maximum bid size is set, it will be expressed as a percentage of the total number of auctioned UK Carbon Emissions Allowances in any given Auction or as a percentage of the total number of auctioned UK Carbon Emissions Allowances in any given year. Any such maximum bid size will be notified to Auction Participants in the relevant Auction Specification or by circular.
- (gg) The Exchange may withdraw any lot prior to the Closing Time.
- (hh) Promptly after the Closing Time, the Exchange will review the bids that have been submitted for validity. Winning bids and the Auction Clearing Price will be determined in accordance with Regulation 6 and Regulation 7 of the GG ETS Auctioning Regulations.

- (ii) In the case of a winning bid in respect of the Proprietary Account of a Clearing Member that is an Auction Participant, the “Buyer” will be that Clearing Member, provided that in the case of a winning bid in respect of an Auction Participant that is not a Clearing Member, the “Buyer” will be the winning Auction Participant’s Clearing Counterparty, as specified in the relevant Auction Participant List.
- (jj) Each bid constitutes an offer to the Clearing House to enter into UKA Auction Contracts made by the relevant Clearing Counterparty. Immediately upon notification by the Exchange or Clearing House to the Auction Participant that it has a winning bid by e-mail, telephone, in writing or otherwise and without the need for any further step, this shall constitute acceptance of the offer and resulting UKA Auction Contracts shall be entered into between the Clearing House and the Buyer in accordance with the Clearing House Rules, on economically identical terms to the UKA Auction Contracts that are the subject of the lot in the relevant Auction, notwithstanding the time at which the establishment of new UKA Auction Contracts is completed in the Clearing House’s books and records.
- (kk) The Exchange may, in accordance with the Registry Regulations, abandon or alter the procedure for any Auction at any time prior to the entry into of UKA Auction Contracts with the Buyer, taking into account such considerations as it deems necessary or desirable to protect the financial integrity of the Exchange or Clearing House, the Exchange Members or the Clearing Counterparties generally or the marketplace for any instruments traded on the Exchange or cleared by the Clearing House, and such other matters as it may deem appropriate.
- (ll) In the event of a cancelled Auction for whatever reason (except a failure of settlement pursuant to Rule 7F2.8), the Exchange will distribute the auction volumes in accordance with Regulation 11 of the GG ETS Auctioning Regulations.

Post-bid Procedure

- (mm) The Buyer will become a party to new UKA Auction Contracts with the Clearing House on economically identical terms to the UKA Auction Contracts that are the subject of the lot in the Auction.
- (nn) Back-to-back or agency contracts as are entered into with any Customer (as defined in the Clearing House Rules) (as well as such contracts as are entered into with any Auction Participant that is a client of the Customer) as a result of the Auction will be established in accordance with the Rules, the Procedures and any agreement between the Clearing Member and its Customer (and, if relevant, any Auction Participant that is a client of the Customer) at the same time as UKA Auction Contracts are entered into pursuant to paragraph (nn).
- (oo) New UKA Auction Contracts resulting from the Auction will be established between the Clearing House and the Buyer at the Auction Clearing Price determined by the Exchange.
- (pp) The Buyer will become party to new UKA Auction Contracts resulting from the Auction at the time that it is notified by the Clearing House that it is the Buyer, notwithstanding the time at which the establishment of new UKA Auction Contracts is completed in the Clearing House’s books and records.
- (qq) Once new UKA Auction Contracts have been established between the Buyer and the Clearing House, the bid which gave rise to the UKA Auction Contracts will be treated as valid regardless of any failure of the Auction Participant to have satisfied any participation criteria or otherwise as to the validity of any bid.

Other Terms

- (rr) The Exchange makes no warranty, whether express or implied, as to quality, appropriateness or in respect of the merits of any investment decision relating to any lot. The Exchange does not provide, and is not responsible or liable for, any investment advice in relation to any Auction.
- (ss) Although the information provided by the Exchange is believed to be accurate subject to the qualifications in paragraph (ss) above, neither the Exchange, the Clearing House nor any of their Affiliates, nor any of their respective agents, officers, directors, committee members, employees, or advisers makes any representation or warranty, express or implied, as to the accuracy or completeness of such information, including but not limited to the value, validity or marketability of any UKA Auction Contracts. Each Auction Participant is responsible for making its own determination as to whether to proceed with or without further investigation or as to its bidding on any lot.
- (tt) The Exchange is under no obligation to enforce the terms set out in these Regulations against a bidder at the request of any other bidder.
- (uu) All Auction Participants are hereby on notice that the Exchange is not a member of any professional or other association, society, institution or organisation of auctioneers or agents and is not therefore bound by the rules or practices of any such association, society, institution or organisation. Any standard rules, customs, good practice guidelines or guidance or other industry practices relating to auctions or agency sales are hereby disappplied and disclaimed. All and any rights of any Person bound by these Regulations which may arise as a result of a liability of the Exchange pursuant to common law duties applicable to auctioneers or selling agents are hereby expressly waived by all Auction Participants. The implied term of care and skill under section 13 of the Supply of Goods and Services Act 1982 is hereby expressly excluded in respect of the conduct of any Auction by the Exchange. The Exchange expressly disclaims any duty of care or skill in respect of the conduct of any Auction by the Exchange arising other than expressly pursuant to these Auction Terms. The Exchange will not provide and has not provided any valuation services in connection with any Auction.
- (vv) The time and date at which bids are due and the establishment of UKA Auction Contracts or calling of Margin may be delayed beyond the times and dates set forth in this Section 7F2.1 of the Regulations or specified in the Auction Specifications by the Exchange or the Clearing House, in accordance with the Registry Regulations. The Exchange may cancel an Auction where the proper conduct of that Auction is disrupted or is likely to be disrupted.

Notwithstanding anything to the contrary in these Regulations, to the fullest extent lawfully permissible, including pursuant to Regulation 11 of the GG ETS Auctioning Regulations, the Exchange may postpone, cancel, adjourn, terminate or otherwise adjust the terms of an Auction at any time.

- (ww) The Exchange may partially allocate an Auction where there are any unsold UK Carbon Emissions Allowances as a result of the sum of the volumes bid in an Auction being less than the volume of UK Carbon Emissions Allowances auctioned in the respective Auction. In the event of partial allocation, distribution of UK Carbon Emissions Allowances shall take place in accordance with Regulation 6(8) of the GG ETS Auctioning Regulations.
- (xx) In respect of any Auction, each Auction Participant: (i) acknowledges that copies of the Auctions (Bidding Agreements) Acts 1927 and 1969 (as amended and including any amendments thereto) have been made available to it online at www.legislation.gov.uk for the duration of the Auction; (ii) agrees and acknowledges that it has received sufficient information concerning the identity of the persons conducting the Auction on behalf of the Exchange; and (iii) waives any right to make any claim that it has not received any information or documentation of a nature referred to in this paragraph; and (iv) agrees in favour of the Exchange not to make any statement to the contrary to any third party.

- (yy) It is the responsibility of each successful Auction Participant to make any transaction or other reports or notifications to any Regulatory Authority or Governmental Authority (including, without limitation, any transaction reports) that it is required to make pursuant to Applicable Laws.
- (zz) The Exchange will publish on its website a list of the names, addresses, email addresses and websites of all Exchange Members who are admitted to bid on behalf of others in accordance with Regulation 43(3) of the GG ETS Auctioning Regulations.

7F2.2 TRADING

There will be no trading in the UKA Auction Contract unless otherwise specified by the Exchange in a circular.

7F2.3 NOTICE OF ACCOUNT DETAILS

A Member wishing to become a party to an UKA Auction Contract as a result of an Auction must notify the Exchange of such request and must notify the Clearing House of its Nominated Holding Account details and Authorised Representative contact details prior to being permitted to participate in an Auction related to an UKA Auction Contract. Such notification shall be in a form prescribed by the Clearing House and must be submitted by the Member 10 Business Days prior to the relevant Auction (or such shorter period as the Exchange or Clearing House may consider appropriate). Such notice shall include the information above and further include confirmation that the Member will continue to have its Account during the Delivery Period at the Registry and is not for any reason prevented from having Transfer Requests accepted or actioned.

7F2.4 BUYER CARBON EMISSIONS ALLOWANCE DELIVERY CONFIRMATIONS

- (a) In respect of each position remaining open at the period beginning immediately after the announcement of the results of a particular Auction (in accordance with Rule 7F2.1(kk)) the Buyer shall, in accordance with this Rule 7F2.4, submit their delivery intentions in the relevant Clearing House systems no later than 11:00 hours on the Contract Date.
- (b) The Buyer's submission of delivery intentions shall be in such form as may from time to time be prescribed by the Clearing House and shall include:
 - (i) for each Margin Account: (1) the number of lots; and (2) the equivalent number of UK Carbon Emissions Allowances that are to be specified in the Transfer Request relating to such Margin Account, which shall form the UK Carbon Emissions Allowance Delivery Amount of the Transfer Request in respect of a Margin Account;
 - (ii) confirmation that details of the Nominated Holding Account to which the Transfer will be made are those previously notified to the Clearing House pursuant to Rule 7F2.3 and that it is not for any reason prevented from having Transfer Requests for transfer to the Nominated Holding Account accepted or actioned;
 - (iii) such other details as are required by the Exchange, the Clearing House and the Registry from time to time in accordance with their respective Regulations, Rules and procedures.

7F2.5 SUBMISSION OF TRANSFER REQUEST BY THE AUCTIONEER SELLER

- (a) Subject to the appropriate measures being put in place by the applicable Governmental Authority, GG ETS Regulator and/ or the Registry Administrator (as applicable) and the necessary action being taken by the same prior to each Auction, the Auctioneer Seller, with the cooperation of the Clearing House, is expected to procure that all such necessary Transfer

Requests have been made by it to the Registry by such means as the Registry may direct from time to time and in accordance with the Registry Regulations such that UK Carbon Emissions Allowances are transferred for the account of the Clearing House at the latest prior to the start of the Bidding Window.

- (b) Where a Transfer Request has been submitted in accordance with Rule 7F2.5(a), the Clearing House expects, as soon as is reasonably practicable, to notify the Auctioneer Seller of the receipt of Allowances. If either the Auctioneer Seller or the Clearing House considers that the details of the Transfer contained in the Registry report are incorrect or if insufficient Allowances have been Transferred, it shall immediately inform the other. The Clearing House and the Auctioneer Seller will be entitled to take such steps as are necessary to ensure such inaccuracy or omission is corrected.
- (c) Where the Account of the Clearing House has not been credited by the start of the Bidding Window the Clearing House shall declare and notify the Auctioneer Seller and the Exchange that the Auctioneer Seller is subject to a Transfer Request Delay and the Exchange may postpone the Auction.
- (d) The Transfer requested by the Transfer Request made by the Auctioneer Seller pursuant to Rule 7F2.5(a) above shall be to a Nominated Holding Account held by the Clearing House in accordance with Rule 7F2.9. With respect to the Auctioneer Seller, the Clearing House shall only accept UK Carbon Emissions Allowances in accordance with Regulation 33 of the GG ETS Auctioning Regulations and any agreement between the Auctioneer Seller and the Clearing House.

7F2.6 SUBMISSION OF TRANSFER REQUEST BY THE CLEARING HOUSE

- (a) Where the Clearing House is the Seller, the Clearing House shall, by 15:00 on the first Business Day after the Closing Time, ensure that the relevant Transfer Requests have been made by it to the Registry by such means as the Registry may direct from time to time. The relevant Transfer Requests are those which request a Transfer of the UK Carbon Emissions Allowances to the Account of the Buyer under an UKA Auction Contract.
- (b) Where a Transfer Request has been submitted in accordance with Rule 7F2.6(a), the Clearing House and the Buyer shall promptly, and no later than 15:00 hours on the second Business Day after the Closing Time, check the appropriate reports within the Registry. If either the Buyer or the Clearing House considers that the details of the Transfer contained in the Registry report are incorrect or missing it shall immediately inform the other. The Clearing House may take, or require the Buyer to take, such steps as appropriate to rectify the situation in compliance with any Clearing House Directions which allow for UK Carbon Emissions Allowances to be delivered by such time as the Clearing House may direct which in any event shall not be a time beyond 15:00 hours on the fourth Business Day after the Closing Time in relation to the relevant Transfer.
- (c) Where a Transfer Request has not been submitted by the Clearing House or has been submitted but not accepted or actioned by the Registry by 15:00 hours on the second Business Day after the Closing Time, the Clearing House shall advise the Buyer immediately of such non-submission, non-acceptance or non-action. The Clearing House shall declare to the Buyer and the Exchange that the Clearing House or the Buyer, as appropriate, is subject to a Transfer Request Delay and may:
 - (i) take, or require the Buyer to take, such steps as appropriate to rectify the situation in compliance with any Clearing House Directions which allow for UK Carbon Emissions Allowances to be delivered by such time which in any event shall not be a time beyond 15:00 hours on the fourth Business Day after the Closing Time in relation

to the relevant Transfer. In the event that the Buyer's Account has not been credited by 15:00 hours on the fourth Business Day after the Closing Time in relation to the relevant Transfer the Clearing House shall declare that there is a Transfer Request Failure; or,

- (ii) declare that the Clearing House or the Buyer, as appropriate, has failed to meet its delivery obligations and that there is a Transfer Request Failure.
- (d) Where the Buyer's Account has not been credited by 15:00 hours on the fourth Business Day after the Closing Time the Clearing House shall declare to the Buyer and the Exchange that there is a Transfer Request Failure.
- (e) Where a Transfer Request Delay or Transfer Request Failure occurs due to a failure by the Clearing House to deliver the relevant UK Carbon Emissions Allowances in whole or in part and such failure is due to circumstances outside the control of the Clearing House, the Clearing House will Transfer such Carbon Emissions Allowances at the earliest opportunity and the Buyer will accept Transfer at that later date and nothing else in this Rule 7F2.6 provides for any other remedy on the part of the Buyer in such circumstance.
- (f) Where the Buyer has submitted a bid on behalf of a Customer, the Buyer shall by 15:00 hours on the second Business Day after the Closing Time ensure that Transfer Requests have been made by it to the Registry by such means as the Registry may direct from time to time. The relevant Transfer Requests are those which request a Transfer of the UK Carbon Emissions Allowances to the Account of the Customer.
- (g) In this Rule 7F2.6, where an UKA Auction Contract is a five-day Futures Contract, references in 7F2.6(b) to (f) above to the second Business Day after Closing Time shall be references to the fifth Business Day after Closing Time, and references to the fourth Business Day after Closing Time shall be references to the seventh Business Day after Closing Time.

7F2.7 REGISTRY REGULATIONS, AUCTIONING REGULATION AND OBLIGATIONS

- (a) The Clearing House shall comply with such requirements and obligations imposed by or under the Registry Regulations in all respects material to the submission of a Transfer Request and to ensure the acceptance of a valid Transfer from its Nominated Holding Account.
- (b) The Buyer shall comply with such requirements and obligations imposed by or under the Registry Regulations in all respects material to ensure the acceptance of a valid Transfer into its Nominated Holding Account.
- (c) If a provision of the Regulations, Administrative Procedures or the Clearing House rules or procedures is inconsistent with a provision of the Registry Regulations, the provision of the Regulations, Administrative Procedures or the Clearing House procedures shall prevail as between the Buyer, the Seller, the Exchange and the Clearing House to the extent of such inconsistency and to the extent permitted by law.

7F2.8 PAYMENT

- (a) All sums payable pursuant to Rule 7F2.8(b) shall be paid in such manner, such currency and at such times as the Clearing House may determine but in any event shall be paid at the latest on the earlier of: (i) 09:00 hours on the day after the Closing Time; or (ii) prior to the Transfer of the relevant Carbon Emissions Allowances to the relevant Buyer, provided that the Auctioneer Seller is in receipt of the relevant sums, save that where either of the times in (i) and (ii) occur on a day which is not a Business Day such sums shall be paid no later than on the next Business Day.

- (b) In respect of the UKA Auction Contract, the Clearing House shall issue in accordance with its Procedures account documentation to the Buyer specifying the amount due from the Buyer in respect of such UKA Auction Contract and any payment due to the Clearing House in respect of such UKA Auction Contract. All payments due in respect of an UKA Auction Contract under this Rule 7F2.8(b) shall be made in accordance with the Clearing House procedures.
- (c) A Buyer that fails to meet its payment obligations under this Rule 7F2.8 may receive a Clearing House Direction to:
 - pay interest for each day beginning with the date on which payment was due and ending on the date on which payment is made, at an interest rate calculated on a daily basis at an interest rate specified by the Clearing House.
- (d) In the event of a failure of settlement, the UK Carbon Emissions Allowances shall be auctioned at the next two Auctions scheduled by the Exchange, in accordance with Regulation 28(5) of the GG ETS Auctioning Regulations.

7F2.9 DELIVERY BY THE AUCTIONEER SELLER

- (a) The submission of Transfer Requests by the Auctioneer Seller pursuant to Rule 7F2.5(a) will specify a Nominated Holding Account of the Clearing House for the Transfer.
- (b) The Clearing House, when holding UK Carbon Emissions Allowances Transferred to it by the Auctioneer Seller shall do so subject to the following:
 - (i) The Clearing House will not owe any fiduciary duty to any Buyer and will be under no other implied duties or obligations to any Buyer except as set out in these Rules.
 - (ii) The Clearing House will not hold the UK Carbon Emissions Allowances held by it on trust for the benefit of any Buyer and will not owe any duty of care to any Buyer under the Trustee Act 2000.
 - (iii) The Clearing House is not subject to any duty of care to any Buyer of any greater degree than it would otherwise be subject to under the Clearing House Rules.
 - (iv) Neither the Clearing House nor any of its respective officers, employees or agents shall be required to make any Transfer to any Buyer to the extent that the UK Carbon Emissions Allowances held by it are insufficient and shall incur no liability whatsoever from any non-Transfer in such circumstances;
 - (v) In the event of any disagreement between the Buyer and the Clearing House resulting in adverse claims or demands being made in connection with UK Carbon Emissions Allowances held by the Clearing House, or in the event that the Clearing House in good faith is in doubt as to what action it should take hereunder, the Clearing House shall, save as expressly provided in any agreement with the Auctioneer Seller, be entitled in its sole discretion to refuse to comply with any claims, demands or instructions by the Buyer or any other third party with respect to the UK Carbon Emissions Allowances, so long as such disagreement, dispute or conflict shall continue, and the Clearing House shall not be or become liable in any way to the Buyer for failure or refusal to comply with such conflicting claims, demands or instructions. The Clearing House shall, save as expressly provided in any agreement with the Auctioneer Seller, be entitled to refuse to act and to retain the UK Carbon Emissions Allowances held by it until required by law to release it under the terms of an order, judgment or decree ordering the release of the UK Carbon Emissions Allowance or any portion thereof.

7F2.10 RECORD KEEPING

- (a) Auction Participants that:
- (i) provide or present any documentation or other materials to:
 - (A) the Exchange; or
 - (B) (in the case of a client that is an Auction Participant) an Exchange Member that is an Auction Participant,on their own account or on behalf of a client who is an Auction Participant; or
 - (ii) are provided or presented with any such documentation or other materials from their clients who are Auction Participants;
- are required to make a copy (whether electronic or physical) of such documentation or other materials and must maintain each such copy for at least five years after the later of the date on which such Exchange Member or other Auction Participant last participated in an Auction.
- (b) An Auction Participant shall promptly notify the Exchange Member that facilitates its Auction bids or the Exchange, as applicable, of any material change in relation to the information required from it during its initial admission process to become an Auction Participant.
- (c) The Exchange may, at its discretion, request any information from an Auction Participant material to its (or in the case of an Exchange Member, its clients'): (i) eligibility to participate in an Auction; or (ii) conduct during an Auction, including information in relation to Regulations 18(6)-(8) of the GG ETS Auctioning Regulations and, in the case of an Exchange Member, information received by such Exchange Member as a result of Section 7F2.10(b) above. Each Auction Participant undertakes to promptly provide such information to the Exchange, and, if requested, directly to the Auction Monitor or any Governmental Authority in accordance with and to the extent such information is required pursuant to Regulation 18(6) of the GG ETS Auctioning Regulations, upon request.
- (d) The Exchange is not obliged to return or provide a copy of any document or other materials presented or provided by any Auction Participant to the Exchange, except where an express right to such copy or return is set out in these Rules.
- (e) The Exchange and the Clearing House may, without prejudice to Rule A.4 and subject to Regulation 45 of the GG ETS Auctioning Regulations, provide information with respect to any Auction Participant to the Auction Monitor, any Governmental Authority or another auction platform appointed in accordance with the Registry Regulations.

Annex A

Auction Participant List

Exchange Member: *[Name of Exchange Member]*

Clearing Member: *[Name of Clearing Member]*

Full legal name of Auction Participant	Jurisdiction of Auction Participant	Registered Address of Auction Participant	Auction Participant's authorised bidder(s) and Contact Details	Jurisdiction of authorised bidder(s)	Full legal name of Clearing Member	Clearing Account Details	Eligibility Category
<i>[Name]</i>		<i>[Address]</i>	<i>[Name]</i> <i>[Phone]</i> <i>[Email]</i>		<i>[Name]</i>	<i>[Clearing Account Details]</i>	<i>[Specify one of the subparagraphs of Regulation 16(1) or 16(2) of the GG ETS Auctioning Regulations]</i>

Annex B

**ICE Futures Europe
Auction Specifications for ICE Futures UKA Auction Contracts**

ICE Futures Europe (the “**Exchange**”) is conducting auctions of UK Carbon Emissions Allowances specified below (“**Auctions**”). This document constitutes the Auction Specifications for the purposes of the Exchange’s ICE Futures UKA Auction Contract Rules and ICE Futures UKA Auction Contract Procedures (the “**Auction Terms**”). The Auction Terms apply in full to these Auctions, save to the extent expressly modified in paragraph 4.

1. Subject matter of the Auction

The Auctions shall comprise the UKA Auction Contracts as defined in Section 7F1.3 of the Auction Terms in the volumes specified below.

2. Minimum and maximum bid size

[Details of any minimum bid size and any maximum bid size. The maximum bid size should be expressed as a percentage of the total number of auctioned allowances in any given auction].

3. Submission of bids

All bids must be submitted electronically on the Auction Platform. Any bid not associated with the applicable Clearing Account in accordance with the Auction Terms or which is incomplete or otherwise not in accordance with the instructions set out in the Auction Platform will be rejected and treated as void and invalid: see the Auction Terms for further information. Each bid must specify the amount of consideration (in Pounds Sterling, to two decimal points) that the Auction Participant will pay in consideration for each UK Carbon Emissions Allowance which is the subject matter of the Auction.

4. Timing

The Bidding Windows for submitting bids will open at the times and dates specified below, or as otherwise confirmed by the Exchange.

The Closing Time (deadline for receipt of bids) will be as specified below, or as otherwise confirmed by the Exchange.

The deadline for any modification or withdrawal of bids will be the Closing Time or as otherwise notified by the Exchange.

The Buyer will become party to new UKA Auction Contracts immediately upon notification that it is a successful bidder, pursuant to the Auction Terms.

Calendar Day	Volume in EUA	Auction window
[•]	[•]	[•]-[•] UK time [•]-[•] CET
[•]	[•]	[•]-[•] UK time [•]-[•] CET
[•]	[•]	[•]-[•] UK time [•]-[•] CET

5. Modifications to Auction Terms

[Specify any] / [None.]