

SECTION 7G2 - PROCEDURES: ICE FUTURES UKA FUTURES CONTRACT¹

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¹ Inserted 19 May 2021.

7G2.1 DETERMINATION OF THE EXCHANGE DELIVERY SETTLEMENT PRICE (EDSP)

- (a) Subject to Rule 7G2.1(b), the EDSP which is determined by the Exchange in respect of a UK Carbon Emissions Allowance Contract shall be the settlement price established by the Exchange on the last day of trading for the relevant delivery month.
- (b) Notwithstanding Rule 7G2.1(a), the Exchange may, in its absolute discretion, determine in respect of the UK Carbon Emissions Allowance Contract, at any time prior to the Delivery Period, a price other than that specified in Rule 7G2.1(a) as the EDSP.

7G2.2 CESSATION OF TRADING

- (a) Subject to Rule 7G2.2(b) trading in respect of a delivery month shall normally cease at 17:00 hours on the last day of trading for the relevant delivery month, being the last Monday of the delivery month. Where this falls on a Non-Business Day for the contract, or there is a Non-Business Day for the contract in the 4 days immediately following the last Monday, the last day of trading shall be the penultimate Monday of the delivery month. Where the penultimate Monday of the delivery month falls on a Non-Business Day for the contract, or there is a Non Business Day for the contract in the 4 days immediately following the penultimate Monday, the last day of trading shall be the antepenultimate Monday of the delivery month. The Exchange shall from time to time confirm, in respect of each delivery month, the date upon which trading is expected to cease.
- (b) If at any time dealings on the Market in the UK Carbon Emissions Allowance Contract are suspended on any Business Day, whether by virtue of an order under the Banking Financial Dealings Act 1971 or as a result of a decision of the Exchange under the Regulations or for any other reason, the Exchange may amend the provisions of Rule 7G2.2(a) above accordingly.

7G2.3 UK CARBON EMISSIONS ALLOWANCE POSITION REPORT

- (a) Members must submit their delivery intentions in the relevant Clearing House system by 10:30 hours each day in respect of each client with an open position in the nearest delivery month and/or any delivery month(s) as may be determined by the Exchange from time to time. Members must also include in this submission all open positions reflecting any proprietary business, or business of any non-clearing Member on whose behalf the Member clears, held in the nearest delivery month.

The submission of delivery intentions shall be in such form as may be determined by the Clearing House from time to time. It shall include administrative and contact details and the number of lots open in each Position-Keeping Account and, for any non-clearing Member on whose behalf the Member clears, the relevant Margin Account under which the positions for that non-clearing Member are margined.

- (b) During such periods of time and for such delivery months as may be determined by the Exchange from time to time, the submission of delivery intentions shall indicate pursuant to the UK Carbon Emissions Allowance Contract Rules, these Administrative Procedures, and the Clearing House procedures, whether the Member has a Nominated Holding Account for each Margin Account at the Registry. Such a submission of delivery intentions must, during the period of time referred to in this Rule 7G2.3(b), be submitted by the Member to both the Clearing House and the Exchange by the time referred to in Rule 7G2.3(a).

7G2.4 SELLER'S UK CARBON EMISSIONS ALLOWANCE DELIVERY CONFIRMATIONS

- (a) In respect of all positions in any Position-Keeping Account which remain open at 17.00 hours on the last day of trading and on which position maintenance is to be performed by 18.00 hours on that day, the Seller shall, in accordance with this Rule 7G2.4, submit their delivery intentions via the relevant Clearing House system to the Clearing House not later than 18:00 hours on the last day of trading.
- (b) The 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) for each Transfer Request, details of the Nominated Holding Account from which the Transfer will be made;
- (iii) for each Nominated Holding Account specified, name and contact details of the Authorised Representative;
- (iv) confirmation that the Member will continue to have the relevant Nominated Holding Accounts during the Delivery Period at the Registry and is not for any reason prevented from having Transfer Requests accepted or not actioned; and
- (v) 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.

7G2.5 BUYER'S UK CARBON EMISSIONS ALLOWANCE DELIVERY CONFIRMATIONS

- (a) In respect of each position remaining open at 17:00 hours on the last day of trading and on which position maintenance is to be performed by 18:00 hours on that day, the Buyer shall, in accordance with this Rule 7G2.5, submit their delivery intentions in the relevant Clearing House system to the Clearing House not later than 18:00 hours on the last day of trading.
- (b) The 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) for each Transfer Request, details of the Nominated Holding Account to which the Transfer will be made;
 - (iii) for each Nominated Holding Account specified, the name and contact details of the Authorised Representative;
 - (iv) confirmation that the Member will continue to have the relevant Nominated Holding Accounts during the Delivery Period at the Registry and is not for any reason prevented from having the Nominated Holding Accounts updated as a result of Transfer Requests; and
 - (v) 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.

7G2.6 SUBMISSION OF TRANSFER REQUESTS BY THE SELLER

- (a) The Seller, except where the Seller is the Clearing House, shall ensure that by 16:00 hours on the Business Day following the last day of trading those Transfer Requests (details of which are referred to in the Seller's UK Carbon Emissions Allowance Delivery Confirmation Form) have been made to the Registry by such means as the Registry may direct from time to time. The Transfer Requests shall, in respect of the Delivery Period, specify all the details required under and pursuant to the Registry Regulations and such other information as the Clearing House or the Registry may direct from time to time as a pre-requisite for the Transfer Request to be accepted.

Where the Seller (except where the Seller is the Clearing House) holds one or more UK Carbon Emissions Allowances Contracts in one or more Position-Keeping Accounts with the same Delivery Period, the Seller shall calculate a separate UK Carbon Emissions Allowance Delivery Amount in respect of each relevant Margin Account and accordingly submit separate Transfer Requests in relation

to each of the relevant Margin Accounts, but otherwise in accordance with Rule 7G1.5 and this Rule 7G2.6.

- (b) Where a Transfer Request has been submitted in accordance with this Rule 7G2.6, the Seller shall ensure that the Transfer Request is not amended, withdrawn or replaced without the prior consent of the Clearing House.
- (c) Where a Transfer Request has been submitted in accordance with Rules 7G2.6(a) and (b) the Clearing House and the Seller shall promptly, and no later than 16:00 hours on the second Business Day after the last day of trading, check the appropriate reports within the Registry. If either the Seller 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 Seller to take, such steps as appropriate to rectify the situation in compliance with any Clearing House Directions.

Where a Transfer Request has been submitted after 16:00 hours on the first Business Day following the last day of trading, but before 16:00 hours on the second Business Day after the last day of trading, in compliance with a Clearing House Direction or otherwise, the Seller shall advise the Clearing House immediately of such submission. The Clearing House shall declare and notify to the Seller and the Exchange that the Member is subject to a Transfer Request Delay and that Rule 7G1.12 (c), (d), (e), (f) and (g) shall apply.

- (d) Where a Transfer Request has not been submitted, or has been submitted but such Transfer Request has not been accepted by the Registry by 16:00 hours on the second Business Day after the last day of trading, the Seller shall advise the Clearing House immediately of such non-submission, or non-acceptance. The Clearing House shall declare that the Clearing House or the Seller, as appropriate, has failed to meet its delivery obligations and that there is a Transfer Request Failure.

7G2.7 SUBMISSION OF TRANSFER REQUEST BY THE CLEARING HOUSE

- (a) Where the Clearing House is the Seller, the Clearing House shall by 16:00 hours on the second Business Day after the last day of trading 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 Clearing House shall use a Random Selection Mechanism to assign the order of Buyers to whom the Clearing House shall transfer UK Carbon Emissions Allowances under a UK Carbon Emissions Allowance Contract.

- (b) Where a Transfer Request has been submitted in accordance with Rule 7G2.7(a), the Clearing House and the Buyer shall promptly, and no later than 16:00 hours on the third Business Day after the last day of trading, 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 16:00 hours on the fourth Business Day after the last day of trading 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 16:00 hours on the third Business Day after the last day

of trading, the Clearing House shall advise the Buyer immediately of such non-submission, non-acceptance or non-action. The Clearing House shall declare 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 16:00 hours on the fourth Business Day after the last day of trading in relation to the relevant Transfer. In the event that the Buyer's Nominated Holding Account has not been credited by 16:00 hours on the fourth Business Day after the last day of trading 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.

Where the Buyer's Nominated Holding Account has not been credited by 16:00 hours on the fourth Business Day after the last day of trading, the Clearing House shall declare that there is a Transfer Request Failure.

7G2.8 REGISTRY REGULATIONS AND OBLIGATIONS

- (a) The Seller 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.
- (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 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, Seller, the Exchange and the Clearing House to the extent of such inconsistency and to the extent permitted by law.

7G2.9 PAYMENT

- (a) All sums payable pursuant to Rule 7G1.8(b) shall be paid in such manner and at such times as the Clearing House may determine but in any event shall be paid at the latest on the day after the last day of trading, save that where such day is not a Business Day such sums shall be paid no later than on the next Business Day.
- (b) Subject to Rule 7G2.9(c), in respect of the Contract, the Clearing House shall issue in accordance with its Procedures account documentation to the Buyer and the Seller specifying the amount due from the Buyer in respect of such Contract and any payment due to the Seller in respect of such Contract under Rule 7G1.8(a). All payments due in respect of a Contract under Rule 7G1.8(a) shall be made in accordance with the Clearing House procedures.
- (c) In respect of a Contract, the Clearing House shall, in accordance with its Procedures, issue any account documentation to a party specifying the amount due from/to such party in respect of such Contract under Rule 7G1.12. All payments due in respect of a Contract under Rule 7G1.12 shall be made in accordance with the Clearing House procedures.