

PART N2: ICE FUTURES EUROPE DELIVERABLE CARBON CREDIT CONTRACTS (DELIVERY VIA CENTRAL COUNTERPARTY CLEARING HOUSE)

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1. APPLICABILITY AND DEFINITIONS

1.1 This Part N2 applies to all ICE Futures Europe deliverable carbon credit contracts for which:

- (a) physical delivery is specified as being ‘Applicable’ in the relevant Contract Terms;
- (b) physical delivery will take place following the expiry date; and
- (c) the Clearing House has announced by Circular that these Delivery Procedures apply to the specific ICE Futures Europe deliverable carbon credit contracts.

Such ICE Futures Europe deliverable carbon credits contracts are referred to in this part as “ICE Futures Europe Deliverable Carbon Credit Contracts”.

1.2 The following additional definitions apply to this part of the Delivery Procedures:

- (a) “**Carbon Credit**” means any and all transferrable or assignable interests (whether being in property, equity or contract or otherwise) in an instrument, certificate, permit, asset, security, right, contract or allowance that is designated as a deliverable instrument for an ICE Deliverable Carbon Credit Contract in the relevant Contract Terms.
- (b) “**Central Time or CT**” means the standard time in a zone that includes the central states of the US and parts of central Canada.
- (c) “**Delivery Period**” means the period during which delivery is to take place as further defined in the Contract Terms;
- (d) “**London Prevailing time or LPT**” means Greenwich Mean Time or British Summer Time.
- (e) “**Registry**” means a registry, custodian, depository or other system used for physical delivery of Carbon Credits pursuant to an ICE Futures Europe Deliverable Carbon Credit Contract that is approved by the Clearing House for the purpose of physical delivery for an ICE Futures Europe Deliverable Carbon Credit Contract Set in question. The Registry for a particular ICE Futures Europe Deliverable Carbon Credit Contract Set may be specified in the Contract Terms.
- (f) “**Registry Account**” means an account to hold Carbon Credits at the relevant Registry. References to “Registry Account of the Clearing House” in these Delivery Procedures, shall mean a Registry Account in the name of the Clearing House.
- (g) “**Registry Operator**” means the operator of a Registry.

1. DELIVERY SPECIFICATION

1.1 Delivery

Deliveries under ICE Futures Europe Deliverable Carbon Credit Contracts are effected upon:

- (a) in the case of the Seller effecting delivery, (i) the completion of the transfer; and (ii) acceptance of the relevant Carbon Credits, from the relevant Registry Account of the Seller, into the relevant Registry Account of the Clearing House; and
- (b) in the case of the Buyer taking delivery, the completion of the transfer of the relevant Carbon Credits, from the relevant Registry Account of the Clearing House to the relevant Registry Account of the Buyer. For the purposes of this provision and notwithstanding the Registry

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practice, there shall be no prerequisite for the Buyer to accept the Carbon Credits in order for deliveries to be considered effected.

- 1.2 This takes place during the Delivery Period for the relevant ICE Futures Europe Deliverable Carbon Credit Contracts in accordance with the relevant Contract Terms. Neither delivery by the Seller nor receipt of the delivery by the Buyer requires performance by the other to occur simultaneously. Each of the Buyer and Seller shall deal directly with the Clearing House.

1.3 Carbon Credits

The Carbon Credits to be delivered shall conform to the specification described in the ICE Deliverable Carbon Credit Contract and the specifications of the Registry to and from which delivery may be made under the relevant Contract.

Notwithstanding provision 2.1(a) above, in instances where the Seller effected the transfer of carbon credits which are not in accordance with the relevant ICE Deliverable Carbon Credit Contract, the Clearing House reserves the right to reject such transfer and, if applicable, return the carbon credits in question. The Seller will remain under an obligation to deliver Carbon Credits of the specified quantity in accordance with the ICE Deliverable Carbon Credit Contract by the timelines specified below.

1.4 Quantity

Quantities are as required under the relevant Contract Terms.

1.5 Price

The price at which the Contract is delivered is the relevant Exchange Delivery Settlement Price (EDSP) for the Contract Set on expiry.

1.6 Cessation of Trading

Contracts cease trading at ~~17:00~~ 16:15 LPT on the last trading day, as defined in the Contract Terms.

2. LIABILITY

- 2.1 The provisions of this paragraph 3 are without prejudice to the generality of, and subject to, the provisions of the Rules relating to liability and apply in addition to the general requirements of these Delivery Procedures.
- 2.2 The Clearing House is not responsible for, and shall have no liability whatsoever as a result of, the performance or non-performance of, or any delay or error in performance by, any Registry or Registry Operator. Neither the Buyer nor the Seller shall have any claim against the Clearing House for any loss, cost, damage or expense incurred or suffered as a result of the condition or operation of any Registry or the performance or non-performance of any Registry Operator. This provision is without prejudice to the Clearing House's liability under Contracts.
- 2.3 The Clearing House does not make any representation regarding the authenticity, validity or accuracy of any delivery tender notice, description of a Registry, market tracking system or any other Registry instructions, confirmation of transfer or any other notice, document, file, record or instrument used or delivered pursuant to the Contract Terms or pursuant to the procedures of any Registry.
- 2.4 The Clearing House is not responsible for, and shall have no liability whatsoever as a result of, the compliance or lack of compliance of any Seller or Buyer or their respective Transferors or Transferees with any rules of the relevant Registry or any laws applicable to it.

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- 2.5 The Clearing House is not responsible for and shall have no liability whatsoever as a result of, any errors in the Registry Account details entered into the relevant Registry systems or provided to the Clearing House by a Seller, Transferor, Buyer or Transferee in respect of a delivery.
- 2.6 The Clearing House is not responsible for and shall have no liability whatsoever as a result of, the closure of any Registry Account(s).
- 2.7 The Clearing House is not responsible for and shall have no liability whatsoever as a result of, complying with the contractual obligations owed to the Registry in respect of any Clearing House Registry Account(s).

3. DELIVERY CONTRACT SECURITY AND CONTRACT VALUE

- 3.1 At end-of-day on the LTD+1, the Clearing House will call for full contract value from the Buyer, such amount to be paid in accordance with the Finance Procedures.
- 3.2 At end-of-day on LTD+1, the Clearing House will call for Delivery Margin from the Seller, such amount to be paid in accordance with the Finance Procedures. The Clearing House will retain the Seller's Security until such time as the full contract value is released to the Seller under the table in paragraph 5.

4. DELIVERY TIMETABLE AND OBLIGATIONS

Delivery under an ICE Futures Europe Deliverable Carbon Credit Contract is based on Open Contract Positions after expiration of the relevant Contract Set. Delivery is a three Business Day process consisting of three consecutive days which must be Business Days. However, payments may take place after the end of the Delivery Day, as provided in the table below and the Finance Procedures.

4.1 Use of relevant Registry

- (a) Clearing Members must have or ensure that their Transferors / Transferees have established the appropriate Registry Accounts at the relevant Registry for the ICE Futures Europe Deliverable Carbon Credit Contract(s) in question and provide any necessary instructions or confirmations to the Registry.
- (b) Clearing Members making or taking delivery of ICE Futures Europe Deliverable Carbon Credit Contracts on their house account must have established Registry Accounts in the relevant Registry for the ICE Futures Europe Deliverable Carbon Credit Contract in question.
- (c) It is the responsibility of the Clearing Members to comply with the rules, regulations and laws applicable to the Registry and to ensure their respective Transferor(s) / Transferee(s) also comply with the rules, regulations and laws applicable to the Registry.
- (d) It is the responsibility of the Clearing Members to provide correct Registry Account details at all times and to ensure their respective Transferor(s) / Transferee(s) also provide correct Registry account details at all times.

5. DELIVERY TIMETABLE FOR ICE DELIVERABLE CARBON CREDIT CONTRACT

Last Trading Day (LTD)	
	At 17:00 CT <u>16:15 LPT</u> Trading ceases.

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Cessation of Trading	By 17:00CT 16:15 LPT Clearing Members with Open Contract Positions at this time are obliged to make or take delivery.	
	By 17:30CT 16:45 LPT EFPs and EFSs may be posted up to 30 minutes following the cessation of trading.	
Confirmation of Delivery Position/Expiry	LTD+1 Business Day	
	By 10:00 CT	Clearing Members must confirm their final delivery positions by submitting their delivery intentions via ECS (or any successor system). Clearing Members may only assign one client Registry Account to each individual client position. In instances where a client has multiple Registry Accounts only one can be used per delivery / receipt obligation.
	By 10:00 CT	A Clearing Member who is nominating a Transferor or Transferee in respect of a Contract must ensure that the Clearing House has in its possession a signed ICE Futures Europe Deliverable Carbon Credit Contract: Transferor Form or ICE Futures Europe Deliverable Carbon Credit Contract: Transferee Form (as applicable) for each nominated Transferor or Transferee. This Transferor / Transferee form must be signed by an authorised signatory of the Transferor / Transferee.
	After 10:00 CT	Clearing Members MPFE report (futures expiry report) available and delivery confirmation report sent to Clearing Members via email.
	LTD+2 Business Days	
Payment by the Buyer	By 9:00 LPT	Buyer pays full contract value to the Clearing House.
Payment of Delivery Margin	By 9:00 LPT	Seller pays Delivery Margin to the Clearing House
Seller's Delivery to Clearing House	By 12:00 CT	The Seller must ensure that appropriate Carbon Credits (delivery of which would satisfy its Delivery Obligations) have been delivered to the designated Clearing House Registry Account.
	Delivery Day - LTD + 3 Business Days	

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Payment to Seller	By 09:00 LPT	Seller receives full contract value against the Carbon Credits received by the Clearing House on LTD +2. Seller's Delivery Margin is returned against the Carbon Credits received by the Clearing House.
Clearing House Delivery to Buyers	By 13:00 CT	The Clearing House will have delivered the appropriate Carbon Credits to the Buyer's Registry Account / nominated Transferee Registry Account.

6. ALTERNATIVE DELIVERY PROCEDURE ("ADP")

- 6.1 In the event of a transfer failure relating to an ICE Futures Europe Deliverable Carbon Credit Contract, the relevant Clearing Member may seek agreement of the Clearing House to make or take delivery beyond the point of failure in a manner and on terms other than those required pursuant to the ICE Futures Europe Rules. The purpose of the ADP is to afford flexibility to Clearing Members in circumstances where it is envisaged that delivery will be possible but not within the prescribed timetable. Failure to deliver in accordance with ICE Futures Europe Rules and this Part N2 may nonetheless attract disciplinary action or a fine by ICE Futures Europe and/or the Clearing House notwithstanding any subsequent delivery in accordance with an ADP Agreement.
- 6.2 Each Clearing Member that enters into an ADP Agreement shall, pursuant to these Delivery Procedures, and without need for any further action on the part of the relevant Clearing Member or the Clearing House, be deemed to have agreed to indemnify the Clearing House in respect of all and any of the Clearing House's costs, losses, charges and expenses incurred by the Clearing House in connection with the ADP, including, without limitation, any costs, losses, charges and expenses incurred as a result of a failure on the part of the Clearing Member to meet its obligations under an ADP Agreement and the Clearing House's staff, operational and legal costs associated with the ADP.
- 6.3 In the event that a Clearing Member and the Clearing House enter into an ADP Agreement, the existing Contract will be dealt with in the manner specified in the ADP. If the existing Contract is to be liquidated under the ADP Agreement, this will be done on the basis of the Exchange Delivery Settlement Price. Delivery under an ADP Agreement will be subject to the requirements (including the indemnity) set out in this paragraph 7, the same Contract Terms as the Contract(s) replaced as a result of the ADP Agreement (subject to such new terms as are agreed in relation to any matter, which may (without limitation) include new terms in respect of price, delivery times or Deliverable), any directions the Clearing House may in its discretion issue and the terms of the ADP Agreement. A new Contract or Contracts shall arise pursuant to Part 4 of the Rules as a result of EADP being agreed.
- 6.4 Where ADP is agreed, as from the time that the Clearing Members' accounts are amended, as described in the ADP in the books and records of the Clearing House, the affected Clearing Members and the Clearing House shall all automatically and immediately be released from all their rights, liabilities and obligations in respect of the Contract or Contracts that gave rise to the ADP and such rights, liabilities and obligations shall be substituted for such amended obligations as are detailed in the ADP Agreement.
- 6.5 In the event that the Clearing Member and Clearing House are unable to enter into an ADP Agreement or effect delivery under ADP within a reasonable period of time after the Failed Delivery, the Clearing House may refer the matter to ICE Futures Europe and will consider in its discretion what other reasonable next steps it should take (if any). For example, and without limitation, the Clearing House may decide to Invoice Back affected Contracts, begin disciplinary proceedings, levy a fine, call additional Margin and/or declare an Event of Default.

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