



Africa Calgary Chicago Houston London New York Singapore

RECEIVED
CFTC

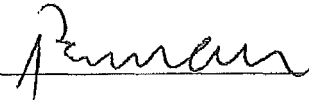
2011 APR 12 PM 2:14

OFFICE OF THE
SECRETARIAT

CERTIFICATION:
COMPLIANCE THAT THE ADOPTED RULES COMPLY WITH THE COMMODITY
EXCHANGE ACT (CEA) AND THE REGULATIONS THEREUNDER

ICE Clear Europe Limited, a derivatives clearing organization registered with the Commodities Futures Trading Commission, hereby certifies that the update to the ICE Clear Europe Clearing Procedures adopted on 6 April 2011 and effective on 8 April 2011, comply with the Commodity Exchange Act and the regulations thereunder.

In witness whereof, the undersigned has signed this Certification as of the 7th day of April 2011.

By: 

Name: Patrick Davis

Title: Company Secretary

NYDOCS01/1257708.1

CLEARING PROCEDURES

(I) CLEARING PROCEDURES

INDEX		
		← Formatted Table
1.	Systems	2 ← Formatted: Justified
2.	Trade Clearing and Position Management	2 ← Formatted: Justified
3.	Financial Accounts	5 ← Formatted: Justified
4.	Margin Procedures	5 ← Formatted: Justified
5.	Options Exercise and Expiry	8 ← Formatted: Justified

CLEARING PROCEDURES

1. SYSTEMS⁴

- 1.1 The Clearing House's primary systems, to which Clearing Members require interfaces, consist of:
- (a) Post-trade administration/Clearing & Settlement: ~~TRS/CPS; clearing and settlement processing: ("the ICE Post Trade and Clearing Systems" or "the ICE Systems")~~;
 - (b) Risk management: ~~EPS~~the ICE Systems and SPAN@;
 - (c) Banking: ECS;
 - (d) Deliveries: ICE in-house system; and
 - (e) Billing: ICE in-house system.
- 1.2 These Clearing Procedures deal primarily with matters relating to post-trade administration, clearing and settlement and risk management. Details relating to finance and deliveries are set out in the Finance Procedures and Delivery Procedures respectively.
- 1.3 Clearing Members should immediately inform the Clearing House of any event, system-related or otherwise, that would prevent them from operating timely and accurately on the Markets cleared by the Clearing House. Clearing Members must, at all times, ensure that they are able to continuously monitor communication ~~facilities~~facilities for receipt of communications from the Clearing House.
- 1.4 These Clearing Procedures apply only to Energy Contracts.

2. TRADE CLEARING AND POSITION MANAGEMENT

2.1 TRS/CPS

Formatted: Bullets and Numbering

2.1 ~~TRS/CPS is a system~~The Clearing Systems

- (a) ~~The components of the ICE Systems are licensed, to, and supplied and maintained by Atos Euronext Market Solutions Limited ("AEMS"). It is an for the benefit of, the Clearing House. The ICE Systems are integrated trade registration and clearing systemprocessing systems used for the clearing of ICE markets. The Clearing Processing System ("CPS") is an extension of the Trade Registration System ("TRS")the relevant Market.~~
- (b) The TRS and CPS systemsICE Systems work together to process transactions from the time of trading and entry into the system, through the maintenance and settlement of Open Contract Positions, the calculation of Margin, and the delivery/expiry of Contracts.

2.2 Trade registration and clearing process

- (a) The instant a Contract is formed pursuant to Rule 401, the Clearing House becomes the Buyer to the Selling Clearing Member and the Seller to the Buying Clearing Member.
- (b) Data in relation to matched trades will automatically pass to ~~TRS,~~ the ICE Systems.

⁴ Amended 27 July 2009

CLEARING PROCEDURES

- (c) ~~FRS receives~~The ICE Systems receive details of trades in real-time from the relevant Market. It allows Clearing Members and their Representatives to perform the following functions, among others:
- (i) assign trades to one of various accounts described below;
 - (ii) allocate trades to other Clearing Members (within one hour of trading) as allowed under Rule 408(a)(ii) and Market Rules or between position keeping accounts;
 - (iii) accept trades allocated or split by other Clearing Members (within one hour of trading) as allowed under Rule 408(a)(ii) and Market Rules;
 - (iv) allocate or split trades between different position keeping accounts;
 - (v) enter position settlement instructions;
 - (vi) input consolidation crosses in order to consolidate trades at various prices into average prices; and,
 - (vii) view trading history and status of trades.
- (d) ~~Clearing Members should refer to the FRS User Guide~~ICE Systems user guides for more detailed information concerning ~~FRS and its~~the ICE Systems' functionality.
- (e) ~~CPS~~The ICE Systems will allow Clearing Members to perform the following functions, among others:
- (i) monitor Open Contract Positions;
 - (ii) close out open Contracts by netting off equal and opposite Contracts in its Customer Account;
 - (iii) process physical delivery of Commodities pursuant to Futures Contracts;
 - (iv) review Margin requirements; and,
 - (v) exercise or abandonment of Option Contracts.
- (f) ~~Clearing Members should refer to the CPS User Guide~~ICE Systems user guide for more detailed information concerning ~~CPS and its~~ICE Systems' functionality. A number of reports are available in ~~CPS~~the ICE Systems, the list and details of which are available in the ~~CPS User Guide~~ICE Systems user guide and ICE Clear Europe Systems user guide.
- (g) In the event of any system errors or other systemic issues connected with ~~CPS~~the ICE Systems, Clearing Members should contact the Clearing House's Operations department.
- (h) In the event of any processing errors or error in communications with the Clearing House, Clearing Members should contact the Clearing House's ~~Market Supervision~~Operations department.

2.3 Position keeping

- (a) Position-keeping activities are governed by Market Rules. In the event of any conflict between these Procedures and Market Rules in relation to position-keeping, Market Rules shall prevail.

CLEARING PROCEDURES

- (b) Open Contract Positions can be kept in up to ~~five~~^{six} accounts within ~~CPSthe ICE Systems~~, identified in ~~CPSthe ICE Systems~~ by one letter as follows:
- (i) H - House;
 - (ii) N - Non-Segregated Client;
 - (iii) S - Segregated Client;
 - (iv) L - Individual Trader;
 - (v) D - Default (trades not assigned to a specific account or sought to be allocated but left unclaimed by another Clearing Member will automatically clear in the default account); and.
 - (vi) G - Gas Associate.

Clearing Members may maintain separate position-keeping accounts for each Exchange member or OTC Participant for whom they provide clearing services.

- (c) The House (H), Non-Segregated Client (N), Individual Trader (L) and, Default (D), and Gas Associate (G) accounts are linked to the Proprietary Account for purposes of the Rules. The Segregated Client (S) account is linked to the Customer Account for the purposes of the Rules. This is described further in paragraph 3 of this section.
- (d) Where a Clearing Member holds accounts of Exchange members or OTC Participants who are not Clearing Members, the mapping of these accounts to the Customer Account or Proprietary Account will be determined by the Clearing Member in conjunction with the relevant Market. Segregated accounts will however always map to the Customer Account.

2.4 Position Transfers

Formatted: Bullets and Numbering

- (a) Position transfers are implemented as follows:
- (i) Clearing Member 'A' inputs a position transfer using Screen 14 in TRS. This instruction will show a status of UN (Unmatched Notification);
 - (ii) Member 'B' inputs their side of the instruction using Screen 14;
 - (iii) If both instructions 'match' then the instructions will go to a status of MU (Matched Unauthorisation);
 - (iv) The MU instruction will then be reviewed by the Risk Department;
 - (v) Based on approval by the Risk Department, the Operations Department will then authorise the transfer and the instructions will go to a status of 'AN' (Authorised note); and
 - (vi) Clearing Members should then review completed transfers in Screen 14 (not Screens 5 or 6).
- (b) ~~It is the Clearing Members' responsibility to speak to each other to resolve any Unmatched Instructions. Transfers will normally be at the previous day's settlement price or zero for premium paid upfront options. If no price is entered, TRS will generate the previous day's settlement price.~~

CLEARING PROCEDURES

~~(e) Where a transfer involves over 20 lines and a total of over 250 lots then ICE Clear will require members to submit a Position Transfer Form with relevant transaction details. Position Transfer Forms should be submitted electronically to iceuops@theice.com.~~

2.52.4 Open Contract Positions and Close-outs

- (a) The House (H) ~~and~~, Individual Trader (L) ~~and~~ Gas Associate (G) accounts will only reflect net Open Contract Positions. Systematic netting will take place before any Option exercise or delivery allocation.
- (b) The Non-Segregated Client (N), Segregated Client (S) and Default (D) accounts will hold gross Open Contract Positions, showing all sell and all buy positions that have not been netted or closed out as Open Contract Positions. ~~GPS allows~~ The ICE Systems allow Clearing Members to close out Open Contract Positions that are held gross. In order to ensure a true representation of Open Contract Positions, Clearing Members are required to perform manual close-outs (netting) in the accounts where gross Open Contract Positions are maintained (N, D and S). Clearing Members are responsible for inputting any required manual netting or close-out instructions in relation to such accounts.
- (c) Any close-outs should be performed in a fashion and at a time in accordance with Exchange Rules and in any event before Options expire or delivery processes commence. ~~Position transfers between accounts in GPS~~ the ICE Systems must be complete at or before 10:00 am in order to be reflected in Open Contract Positions and Margin calls calculated at the end of that day.

2.62.5 Invoicing Back, Void Contracts, etc.

- (a) Any Contracts which are subject to Invoicing Back will be reflected by the entry into by the Clearing House through ~~TR~~ the ICE Systems of a new Contract of opposite effect to the original Contract (or pursuant to such other terms or prices as are determined by the Clearing House pursuant to the Rules). Clearing Members will be notified of Contracts subject to Invoicing Back or amendment by the Clearing House's Operations department. Each such event will be confirmed in writing.
- (b) Any Contracts which are void or voided will be deleted from ~~GPS~~ the ICE Systems by the Clearing House. Clearing Members will be notified of Contracts which are void or voided by the Clearing House's Operations department. Each such event will be confirmed in writing.
- (c) The Clearing House may make other trade or Open Contract Position adjustments as directed by the relevant Market. In each such event, the Clearing House's Operations department will contact the Clearing Member and confirm such adjustment in writing.

3. FINANCIAL ACCOUNTS

3.1 Margining accounts

- (a) While Open Contract Positions are held in up to ~~five~~ six different accounts through ~~ECS~~ the ICE Systems, the margining of Open Contract Positions will be consolidated through two accounts as follows:
 - (i) H, N, L, D and DG will be margined via the House (H) account (referred to as the "Proprietary Account" under the Rules and herein); and
 - (ii) S will be margined via the Client (C) account (referred to as the "Customer Account" under the Rules and herein).

CLEARING PROCEDURES

- (b) Proprietary Account and Customer Accounts will be subject to calculations and calls for Margin separately. Transfers or offsets between the two accounts will not be possible. These two accounts are also treated separately following any Event of Default, under Part 9 of the Rules.
- (c) Records of all financial information including, but not limited to, Margin requirements, cash balances, Collateral, contingent Margin, Buyer's Security and Seller's Security will be held in ICE Clear Europe's Extensible Clearing System ("ECS") within the ICE Systems. The naming convention for the accounts in ECS will be the Clearing Member's three letter mnemonic followed by the account type (e.g. XXXH for a Proprietary Account or XXXC for a Customer Account).
- ~~(d) The Clearing Account "U" is a valid account code in WebICE Clearing Administration available for selection by the Energy Clearing Member. If U is selected, all ICE OTC transactions executed by an ICE OTC Participant through these accounts will reach TRS/CPS with a Unregistered Trade ("UR") status, as opposed to a Registered Trade ("RT") status.~~
- (e) Clearing Members can find more information about ECS functions and facilities in the ICE Clear Europe Systems user guide.

Formatted: Bullets and Numbering

3.2 Guaranty Fund account

- (a) Each Clearing Member's Guaranty Fund Contribution will be held in a separate account, recorded in ECS under the name XXXH-GUAR.

Table A: Summary of Account Codes

<u>CPS Position</u> <u>ICE</u> <u>Systems Position</u> <u>Account</u>	<u>CPS Term</u> <u>ICE</u> <u>Systems Term</u>	ECS Term	ECS Account name	Rulebook
N/A	N/A	Guaranty Fund Account	XXXH-GUAR	Guaranty Fund Contribution
H	House	House Account (H)	XXXH	Proprietary Account
L	Individual Trader			
D	Default			
S	Segregated Client	Client Account (C)	XXXC	Customer Account

4. MARGIN PROCEDURES

4.1 General

The matters described in this section will be recorded through ECS and will form part of the Clearing House's daily Margin processes. Margin requirements will determine whether funds are needed to be paid to, or received from, the relevant Clearing Member. Any required payments will be effected through Approved Financial Institutions that participate in the Assured Payment System (APS), as described in the Finance Procedures.

4.2 Original Margin

- (a) Original Margin calculations are made separately in respect of a Clearing Member's Customer Account and Proprietary Account. No Margin offset is possible between these two accounts.

CLEARING PROCEDURES

Original Margin calculations will be applied to net positions for each Contract Set rather than the sum of the gross positions for a Set.

- (b) Original Margin parameters are set by the Clearing House within the framework of the policy approved by the Risk Committee. Margin parameters applicable from time to time will be issued and amended by Clearing House Circular and published on the Clearing House's website.
- (c) The Clearing House will notify Clearing Members of any change to Original Margin parameters by Circular no later than the day before calls are made based on the new parameters. For routine changes, the Clearing House will provide five Business Days' advance notice of changes to Margin parameters, unless another period is specified in the relevant Circular.
- (d) Original Margin requirements will be calculated at close of business on a daily basis, for both Proprietary Accounts and Customer Accounts, using the SPAN® algorithm.
- (e) ~~Clearing Members can specify the currency in which Original Margin deficits are called. In order to enable this facility Clearing Members will have to complete and return the ICE Clear Europe Margin Deficit Currency Form.~~

Formatted: Bullets and Numbering

4.3 Variation Margin

With the exception of Premium Up-Front Options (discussed in paragraph 4.4(c) below), all open Contracts are marked to market daily in accordance with the Contract Terms (which includes, for ICE Futures Europe Contracts, the contract terms set out in ICE Futures Europe Rules). Profits and losses are credited to or debited from the relevant Nominated Customer Account or Nominated Proprietary Account of each Clearing Member as set out in the Finance Procedures.

4.4 Options Premium

- (a) The Clearing House clears two types of Options with different margining methodology, "Premium Up-Front" and "Future-Style".
- (b) Future-Style Options (e.g. Brent) are marked to market and subject to Variation Margin calls daily in the same way as for Future Contracts.
- (c) Premium Up-Front Options (e.g. Emissions) are subject to a full premium charge or credit on the day on which the Option Contract first arises under the Rules (i.e. the day of trading) as part of the overnight margining process. After the premium has been paid, Margin is calculated on an ongoing basis with reference to the difference between the Strike Price and the relevant daily Settlement Price (net liquidating value).
- (d) The table⁴ below details the premium types for the Options currently cleared by the Clearing House as well as their exercise style (discussed further in paragraph 5 of this section).

Options Contract	Premium type	Exercise style
Gas Oil	Future-Style	American
Brent	Future-Style	American

Formatted: Justified
 Formatted Table
 Formatted: Justified
 Formatted: Justified

* SPAN is a registered trademark of Chicago Mercantile Exchange Inc., used herein under license. Chicago Mercantile Exchange Inc. assumes no responsibility in connection with the use of SPAN by any person or entity. SPAN is a risk evaluation and margin framework algorithm.

⁴ Amended 27 July 2009

CLEARING PROCEDURES

Options Contract	Premium type	Exercise style	
WTI	Premium Up-Front	American	Formatted: Justified
Emissions (ECX and CER)	Premium Up-Front	European	Formatted Table
Henry Hub (PHE)	Premium Up-Front	European	Formatted: Justified
Henry Hub (PHH)	Future-Style	European	Formatted: Justified
Brent APO (I)	Premium Up-Front	Asian	Formatted: Justified
Gas Oil APO (GSP)	Premium Up-Front	Asian	Formatted: Justified
WTI APO (R)	Premium Up-Front	Asian	Formatted: Justified
Brent EU-Style (BUL)	Premium Up-Front	European	Formatted: Justified
Gas Oil EU-Style (GUL)	Premium Up-Front	European	Formatted: Justified
WTI EU-Style (WUL)	Premium Up-Front	European	Formatted: Justified
PJM Mini (PMI)	Premium Up-Front	American	Formatted: Justified
SP-15 Mini (SPY)	Premium Up-Front	American	Formatted: Justified

4.5 Cash Settlement

- (a) – When it reaches maturity, a Contract can give rise either to cash settlement (if determined by the Contract Terms or, where permitted by the Contract Terms, if the Clearing Member opts out of the delivery via EFP) or delivery obligations.
- (b) Cash settlement will be determined by the difference between the Market Delivery Settlement Price and the previous day’s Settlement Price, as determined in accordance with Part 7 of the Rules.
- (c) Details relating to deliveries are set out in the Delivery Procedures.

4.6 Contingent Variation Margin

- (a) A contingent Variation Margin amount will be calculated and called daily for Gas Oil Futures Contracts under tender. This contingent Variation Margin will result from the difference between the Market Delivery Settlement Price for the Contract under tender and the Settlement Price for the next maturing Contract Set of otherwise equivalent specifications.
- (b) Clearing Members will not receive repayment in respect of any contingent Variation Margin in cash. However, they will be able to use any excess against Margin requirements on the Contracts in respect of which contingent Variation Margin is called and other Contracts. If contingent Variation Margin is a debit, it will be possible for Clearing Members to use assets, as permitted by these Procedures and updated by Circular, as Permitted Cover.
- (c) Contingent Variation Margin will be released:
 - (i) for the Buyer, on payment of the Buyer’s Security; and
 - (ii) for the Seller, once all relevant deliveries are completed,
 as detailed in the Delivery Procedures.

4.7 Contingent Credit

When a Seller satisfies its daily delivery obligations under ICE Futures Europe Rules for Natural Gas Futures and Electricity Futures Contracts, the Clearing House will take into account a “Contingent Credit” equivalent to the amount or number of underlying Commodities already delivered in respect of

CLEARING PROCEDURES

which payment has not been made to the Seller. This credit will not be made available to the Seller in cash but may be used to cover Original Margin requirements on the Contracts in respect of which the contingent credit is applicable and other Contracts.

4.8 Buyer's Security and Seller's Security

In accordance with ICE Futures Europe Rules and the Delivery Procedures, Clearing Members will be liable for Buyer's Security and Seller's Security in respect of Contracts undergoing deliveries. Such amounts will be included in the Margin call process.

4.9 Intra-day or *ad hoc* margin calls

If market conditions dictate, the Clearing House may decide to proceed to an intra-day or *ad hoc* Margin call for certain, or all, Contract Sets or for all or particular Clearing Members. In the event of an intra-day or *ad hoc* call applying, any increased Margin requirements will be reflected in ECS. If there is a shortfall, ECS will generate a call which must be met in accordance with the Finance Procedures. Affected Clearing Members will be informed of the call by the Clearing House and such call will be confirmed by e-mail to a designated mail account of each affected Clearing Member.

~~In the event that an intra-day Margin call is anticipated, the Clearing House will contact the Clearing Member by phone to notify them of the requirement. This will be followed by written notification distributed by email.~~

~~Intra-day Margin calls can be made between 09:00 and 19:00 London Time and must be met within 60 minutes of notification by the Clearing House. Clearing Members will be able to answer the call by reducing positions (e.g. reallocation of trades/clearing give-ups), generating profits through trading activities or submitting new cash and/or collateral.~~

~~The Clearing House has automated the production of Clearing Member data files detailing current positions, trades, Original and Variation Margins on a 5-minute batch cycle. These files are produced and published via the Automated File Transfer System (AFTS).~~

~~Margin calls are not rounded to the nearest major currency unit.~~

4.10 Contingency Holidays

If there is a bank holiday in the country of a particular currency, the Clearing House will call cash in another currency, as described in the Finance Procedures.

5. OPTIONS EXERCISE AND EXPIRY

5.1 Definitions

In these Procedures:

- (a) The term "American-Style Option" means an Option that can be exercised at any time between the purchase date and the expiration date under its Contract Terms.
- (b) The term "European-Style Option" means an Option that can only be exercised on the expiry date under its Contract Terms.
- (c) The term "At The Money", in respect of an Option Contract or Set of Option Contracts, means where the Strike Price equals the Reference Price.
- (d) The term "In The Money", in respect of an Option Contract or Set of Option Contracts for a Person with a Long Position: for a Put Option, means where the Strike Price is greater than the

CLEARING PROCEDURES

Reference Price; and, for a Call Option, means where the Strike Price is less than the Reference Price.

- (c) The term "Out Of The Money", in respect of an Option Contract or Set of Option Contracts for a Person with a Long Position: for a Put Option means, where the Strike Price is less than the Reference Price; and, for a Call Option, means where the Strike Price is greater than the Reference Price.

5.2 General

- (a) Options may only be exercised by Clearing Members in accordance with the Rules, the applicable Contract Terms and these Procedures.
- (b) Options may be exercised either:
- (i) by an exercise notification entered manually to CPSthe ICE Systems (as described in the CPS User GuideICE Systems user guide);
 - (ii) automatically through CPSthe ICE Systems (as described in the CPS User GuideICE Systems user guide); or
 - (iii) automatically in accordance with the Contract Terms.

Those Options which are not so exercised by the time of expiry will expire (be abandoned) and will terminate.

- (c) The Contract Terms determine the days on which, and the times by which, notification of exercise of an Option may, or must, be made.
- (d) When an Option is exercised, a Future Contract at the Strike Price of the Option will arise in accordance with Rule 401.

5.3 Early Exercise

- (a) It is possible for Clearing Members to exercise Long American-Style Options at any time when CPSis the ICE Systems are open via the CPSICE Systems exercise notification screen. Such exercises must be input by Clearing Members before the daily exercise cut-off time specified in the Contract Terms, which is currently set at 17:00 hours.
- (b) Clearing Members may not manually enter an exercise notification on to the CPSsystemICE Systems for Options other than American-Style Options.

5.4 Manual Exercise

- (a) Clearing Members are permitted manually to input exercise notifications on to the CPSICE Systems exercise notification screen in the manner set out in the CPS User GuideICE Systems user guide at any time within the deadlines specified in the Contract Terms.
- (b) Where permitted by the Contract Terms, Clearing Members wishing to exercise an Option which is Out Of The Money, or an Option that will not automatically exercise, must input a manual Option exercise notification in accordance with the CPS User GuideICE Systems user guide.

5.5 Automatic exercise

- (a) On the relevant expiry day, once the exercise deadline has passed for an Option Set, the Clearing House will input into CPSthe ICE Systems the Reference Price communicated by the

CLEARING PROCEDURES

relevant Market and will instruct CPSthe ICE Systems to process an Option Set expiry. CPS The ICE Systems will effect the automatic exercise of all Options in the relevant Set meeting the criteria in the Automatic Exercise Instruction facility and the relevant Contract Terms.

- (b) The default setting of the Automatic Exercise Instruction facility is that all Options that are one or more minimum price variation or greater In The Money will be subject to automatic exercise (e.g. in the case of ICE Brent Options, one 'tick' In The Money).
- (c) For European-Style Options, it is not possible to modify the parameters of the Automatic Exercise Instruction Facility. As a result, all European-Style Options will be exercised in line with the default value.
- (d) For American-Style Options, Clearing Members can, on the day of the expiry and up to the instant the CPSICE Systems deadline is applied, modify the automatic exercise settings through CPSthe ICE Systems in accordance with the CPS User GuideICE Systems user guide. If exercise settings are modified, they will revert to default settings after the expiry is complete for any subsequent Option Set expiry. Clearing Members are advised to make any changes to Option exercise settings well in advance of any deadline.
- (e) **Clearing Members must check their automatic exercise settings before each expiry of an Option Set.**
- (f) Where permitted by the Contract Terms, Clearing Members wishing to exercise an Option that will not be automatically exercised must do so by inputting, before the deadline is applied, an instruction as described above for manual exercises. This is however only possible for American-Style Options. As detailed above, European-Style Options cannot be manually exercised.
- (g) Members experiencing difficulties with any aspect of an Option exercise or who have any doubt about how to carry specific exercise or abandonment instructions must contact the Clearing House's Operations department in advance of the expiry deadline. Failure to do so may result in the abandonment of In The Money Options.

5.6 Reference Price

- (a) The Reference Price used by the CPSICE Systems automatic Option exercise facility to determine whether an Option is In The Money is the Settlement Price of the relevant Futures Contract on the day of the expiry of the Option.
- (b) For example:
 - (i) for all ICE Futures Europe Options, the Reference Price will be (except in unusual circumstances) the Settlement Price of the underlying Future on the expiry day; and
 - (ii) for the ICE OTC Natural Gas Swap, the Reference Price will be (except in unusual circumstances) the published monthly penultimate Settlement Price for the Henry Hub Natural Gas Contract.

5.7 Exercise Deadlines on Expiry Day

- (a) Pursuant to Market Rules and the Contract Terms, Clearing Members have a limited period after the time when trading in an Option Set ceases to enter exercise notifications and/or amend automatic exercise settings in CPSthe ICE Systems for American-Style Options. Once the CPSICE Systems deadline has passed for the exercise of an Option Set, it will not be possible to input any exercise instructions or alter the automatic exercise settings. Options which have not been exercised in accordance with these Procedures at that time will be abandoned.

CLEARING PROCEDURES

- (b) Clearing Members are advised via CPS the ICE Systems messages of the time by which all position maintenance instructions for expiring Options must be inputted and when the CPS ICE Systems Delivery/Exercise HIT report is available by selecting the relevant menu item 3 in TRS/CPS the ICE Systems.
- (c) Table B details the deadlines for exercise of the American-Style Options currently supported by the Clearing House:

Table B: Exercise Deadlines on Expiry Day⁴

Contract	Time Option ceases trading	Time before which Option may be manually exercised	
ICE Brent Options	19:30	20:30	Formatted: Justified
ICE Gasoil Options	16:30	17:30	Formatted: Justified
ICE ECX CFI EUA and CER Options	16:15	N/A	Formatted: Justified
ICE WTI Options	19:30	22:30	Formatted: Justified
Natural Gas Swap Fixed Price for NYMEX Penultimate Options	21:30	N/A	Formatted: Justified
Brent APO (I)	19:30	N/A	Formatted: Justified
Gas Oil APO (GSP)	16:30	N/A	Formatted: Justified
WTI APO (R)	19:30	N/A	Formatted: Justified
Brent EU-Style (BUL)	19:30	N/A	Formatted: Justified
Gas Oil EU-Style (GUL)	16:30	N/A	Formatted: Justified
WTI EU-Style (WUL)	19:30	N/A	Formatted: Justified
PJM Mini (PMI)	20:30	21:30	Formatted: Justified
SP-15 Mini (SPY)	20:30	21:30	Formatted: Justified

- (d) All specified times in Table B are UK times. Time differences with other locations will vary as a result of British summer time and US daylight saving time.
- (e) In the event that a Clearing Member's CPS ICE Systems Options Exercise facilities are unavailable, it is essential that the Clearing House's Operations department and the relevant Market's compliance department are informed. In such circumstances the Clearing House will determine appropriate steps to be taken in order to ensure exercise instructions can be processed, as appropriate.
- (f) The Clearing House can modify any exercise deadline at its discretion in accordance with the Rules. Any such modification shall take effect as an amendment to Contract Terms pursuant to Rule 104. Amendments to deadlines may occur following a Force Majeure Event and otherwise at the Clearing House's discretion.

5.8 Assignments Allocation

- (a) If, in relation to exercise of a particular Option Set, there are more open Short Options than are exercised by the holders of Long Options, the Clearing House will select Clearing Members with Short Open Contract Positions in the same Option Set against which to exercise a corresponding Option or Options and subsequently become party to a Future Contract or Contracts.

⁴ Amended 27 July 2009

CLEARING PROCEDURES

(b) Option assignment is performed by reference to each Clearing Member's GPSICE Systems position-keeping accounts i.e. assignments are made separately for each such position-keeping account H/N/S/D/L, as follows: Formatted: Keep with next

(i) Clearing Members holding Short Open Contract Positions in the same Option Set will first be assigned with the following number of exercised Short Options (and hence, Future Contracts):

$$SOCP(CM) \times LOCP(all) / SOCP(all)$$

where:

SOCP(CM) = the Short Open Contract Position for the relevant position-keeping account of the relevant Clearing Member;

LOCP (all) = the total number of Long Options of the relevant Option Set being exercised from all relevant position-keeping accounts by all Clearing Members; and

SOCP (all) = the total number of Short Open Contract Positions in the relevant Option Set in all relevant position-keeping accounts of all Clearing Members,

(ii) any fractions produced by the calculation in paragraph (i) shall be rounded down and Clearing Members shall not be assigned fractions of a Future Contract; and

(iii) remaining unassigned Future Contracts following completion of the processes described in paragraphs (i) and (ii) shall be distributed among position-keeping accounts of Clearing Members with unassigned Short Aggregated Contract Positions, one lot at a time, to the largest remaining fractional quantities until the whole quantity is distributed.

(c) Below is an example of this allocation method, where 71 of 111 Contracts are exercised:

Clearing Member	Short Open Contract Position	Calculated allocation	Rounded allocation	Residual	Fraction remaining	Residual allocation	Total allocated
AAA-H	13	8.8153	8		0.8153	1	9
AAA-S	13	8.8153	8		0.8153	1	9
BBB	18	11.5135	11		0.5135		11
CCC	45	28.7838	28		0.7838		28
DDD	22	14.0721	14		0.0721		14
Totals	111	71	69	2	2.00	2	71