

## **PART KK: ICE ENDEX GUARANTEES OF ORIGIN FUTURES CONTRACTS (DELIVERY VIA CENTRAL COUNTERPARTY CLEARING HOUSE)**

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#### **1. APPLICABILITY AND DEFINITIONS**

1.1 This Part KK applies to all ICE Endex Guarantees of Origin Futures Contracts for which:

- (a) physical delivery is specified as being ‘Applicable’ in the relevant Product Specification or the ICE Endex Rules;
- (b) which go to physical delivery on the expiry date; and
- (c) the Clearing House has announced by Circular that these Delivery Procedures apply to the specific ICE Endex Contract.

Such ICE Endex Contracts are referred to in this part as “ICE Endex Guarantees of Origin Contracts”.

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

“**Deliverable**” 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 Endex Guarantees of Origin Contract in the relevant Product Specification or the ICE Endex Rules;

“**Registry**” means a registry, custodian, depository or other system, operating under the principles and rules of the Association of Issuing Bodies (AIB) for the European Energy Certificate System (EECS) and which can accept Deliverables to and from the Statnett NECS registry account, used for physical delivery of the Deliverables, pursuant to an ICE Endex Guarantees of Origin Contract for the particular ICE Endex Guarantees of Origin Contract Set in question, as set out in the Product Specification;

“**Registry Account**” means an account to hold the Deliverable at the relevant Registry.

“**Registry Account of the Clearing House**” in these Delivery Procedures, shall mean a Registry Account in the name of the Clearing House held at Statnett NECS Registry in Norway;

“**Registry Operator**” means the operator of a Registry.

#### **2. DELIVERY SPECIFICATION**

##### **2.1 Delivery**

Deliveries under an ICE Endex Guarantees of Origin Contract are effected upon:

- (a) in the case of the Seller effecting delivery: (i) the completion of the transfer of the Deliverables into the Registry Account of the Clearing House; and (ii) acceptance of the relevant Deliverables, from the Registry Account of the Seller into the Registry Account of the Clearing House; and
- (b) in the case of the Buyer taking delivery: (i) the irreversible initiation of the transfer of the relevant Deliverables, from the Registry Account of the Clearing House to the Registry Account of the Buyer. For the purposes of this provision and notwithstanding the practice of a Registry, there shall be no prerequisite for the Buyer to accept the Deliverables in order for transfers to be considered effected.

Delivery takes place during the delivery period for the relevant ICE Endex Guarantees of Origin Contract in accordance with the relevant Product Specification and ICE Endex Rules. 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.

##### **2.2 Deliverables**

The Deliverables to be delivered under an ICE Endex Guarantees of Origin Contract shall conform to the Product Specification and the ICE Endex Rules and, where applicable, the specifications of the relevant Registry to and from which delivery may be made.

Notwithstanding provision 2.1(a) above, in instances where the Seller effected the transfer of deliverables which are not in accordance with the relevant Product Specification for the relevant ICE Endex Guarantees of Origin

## **PART KK: ICE ENDEX GUARANTEES OF ORIGIN FUTURES CONTRACTS (DELIVERY VIA CENTRAL COUNTERPARTY CLEARING HOUSE)**

Contract, the Clearing House reserves the right to reject such transfer and, if applicable, return to the Seller the deliverables in question. The Seller shall remain under an obligation to deliver Deliverables of the specified quantity in accordance with the relevant Product Specification for the relevant ICE Endex Guarantees of Origin Contract by the timelines specified below.

### **2.3 Quantity**

Quantities are as required under the relevant Product Specification for the relevant ICE Endex Guarantees of Origin Contract.

### **2.4 Price**

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

### **2.5 Days and Times**

All “timings” or times of day are UK, London times.

### **2.6 Cessation of Trading**

Trading for the ICE Endex Guarantees of Origin Contracts contract month will normally cease at the close of business three (3) business days prior to the last business day of the contract month. A list of dates, subject to amendment, is available from ICE Endex.

Contracts cease trading at 17:00 on the Last Trading Day, as defined in the Product Specification.

### **2.7 Exchange for Exchange for Swaps (EFSs)**

- (a) In accordance with ICE Endex Rules, EFSs in respect of the ICE Endex Guarantees of Origin Contracts may be posted up to 30 minutes following the cessation of trading.
- (b) In relation to the ICE Endex Contracts, EFSs:
  - (i) can only be registered until 17:00 each Business Day;
  - (ii) which have been alleged but not accepted will be cleared from ICE Block overnight; and,
  - (iii) which are outstanding at the end of a Business Day must be re-submitted to the Exchange on the next Business Day.

## **3. LIABILITY**

3.1 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 and the provisions of the ICE Endex Rules relating to the liability of the Clearing House.

3.2 Neither the Clearing House nor ICE Endex shall have any liability in connection with an ICE Endex Guarantees of Origin Contract, its performance, non-performance or its termination whether based on breach of contract, warranty, negligence or tort. In particular, but without limitation, the Clearing House is not responsible nor shall it have any liability whatsoever to any Buyer or Seller:

- (a) 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;
- (b) in connection with 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

## **PART KK: ICE ENDEX GUARANTEES OF ORIGIN FUTURES CONTRACTS (DELIVERY VIA CENTRAL COUNTERPARTY CLEARING HOUSE)**

other notice, document, file, record or instrument used or delivered pursuant to the Rules and Procedures or pursuant to the procedures of any Registry;

- (c) as a result of, the compliance or lack of compliance of any Seller or Buyer or their respective Transferors or Transferees (if any) with any rules of the relevant Registry or any laws applicable to it;
- (d) 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;
- (e) arising from the closure of its Registry Account(s); or
- (f) as a result of complying with the contractual obligations owed to the Registry in respect of any Registry Account of the Clearing House.

3.3 The Clearing House is not responsible for and shall have no liability whatsoever as a result of, any actions, omissions, performance or non-performance by the Registry Operator or a Regulatory Authority overseeing the Registry Operator.

3.4 Neither the Clearing House nor ICE Endex shall be responsible for, and neither of them shall have any liability whatsoever for the validity or non-validity of any Deliverable for the purposes of meeting any compliance requirements under Applicable Law.

### **4. DELIVERY CONTRACT SECURITY AND CONTRACT VALUE**

4.1 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.

4.2 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.

### **5. DELIVERY TIMETABLE AND OBLIGATIONS**

Delivery under an ICE Endex Guarantees of Origin 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.

#### **5.1 Use of relevant Registry**

- (a) Clearing Members must have or ensure that their Transferors / Transferees have established the appropriate Registry Account(s) at the relevant Registries for the ICE Endex Guarantees of Origin Contract in question, enabling them to effect transfers to and receive transfers from the Registry Account of the Clearing House respectively, and provide any necessary instructions or confirmations to the Registry.
- (b) Clearing Members making or taking delivery of Deliverables into their house account must have established Registry Account(s) in the relevant Registries for the ICE Endex Guarantees of Origin Contract in question.
- (c) It is the responsibility of the Seller or Buyer 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.

**PART KK: ICE ENDEX GUARANTEES OF ORIGIN FUTURES CONTRACTS (DELIVERY VIA CENTRAL COUNTERPARTY CLEARING HOUSE)**

- (d) It is the responsibility of any Seller or Buyer 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.

<b>Cessation of Trading</b>	<b>Last Trading Day (LTD)</b>	
	At 17:00 Trading ceases.	
	By 17:00 Clearing Members with Open Contract Positions at this time are obliged to make or take delivery.	
	By 17:30 EFSs may be posted up to 30 minutes following the cessation of trading.	
<b>Confirmation of Delivery Position/Expiry</b>	<b>LTD+1 Business Day</b>	
	By 16:00	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 16:00	A Seller or Buyer who is nominating a Transferor or Transferee in respect of an ICE Endex Guarantees of Origin Contract must ensure that the Clearing House has in its possession a signed ICE Endex Guarantees of Origin Contract: Transferor Form; or ICE Endex Guarantees of Origin 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 16:00	Clearing Members MPFE report (futures expiry report) available and delivery confirmation report sent to Clearing Members via email.
	<b>LTD+2 Business Days</b>	
<b>Payment by the Buyer</b>	By 09:00	Buyer pays full contract value to the Clearing House.
<b>Payment of Delivery Margin</b>	By 09:00	Seller pays Delivery Margin to the Clearing House
<b>Seller's Delivery to Clearing House</b>	By 16:00	The Seller must ensure that appropriate Deliverables (delivery of which would satisfy its Delivery Obligations) have been delivered to the Registry Account of the Clearing House.

**PART KK: ICE ENDEX GUARANTEES OF ORIGIN FUTURES CONTRACTS (DELIVERY VIA CENTRAL COUNTERPARTY CLEARING HOUSE)**

<b>Delivery Day - LTD + 3 Business Days</b>		
<b>Payment to Seller</b>	By 09:00	Seller receives full contract value against Deliverables received by the Clearing House on LTD +2.  Seller's Delivery Margin is returned against the Deliverables received by the Clearing House.
<b>Clearing House Delivery to Buyers</b>	By 16:00	The Clearing House will have initiated the transfer of the appropriate Deliverables to the Buyers Registry Account / nominated Transferee Registry Account.

**6. ALTERNATIVE DELIVERY PROCEDURE (ADP)**

In the event of a transfer failure relating to an ICE Endex Guarantees of Origin Contract, the relevant Clearing Member may seek the 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 Endex 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 the ICE Endex Guarantees of Origin Contract and this Part KK may nonetheless attract disciplinary action or a fine by ICE Endex and/or the Clearing House, notwithstanding any subsequent delivery in accordance with an ADP Agreement.

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.

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 6, 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 ADP being agreed.

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.

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 Endex 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.