

EXPLANATORY NOTE

This Rulebook was adopted by The Environment Exchange on 4 September 2000

The Rulebook is divided into four parts which contain rules covering the following matters:

[Definitions and Interpretations](#)

[Part EE.1](#) General

[Part EE.2](#) Listing and Trading of Instruments

[Part EE.3](#) Market Specifications

[Appendices](#)

The Rulebook is presented in a loose leaf format. On amendment of any rule, notice shall be given to members and revised pages will be issued to members for insertion in the Rulebook in substitution for the deleted pages. The date at the foot of each page of the Rulebook indicates the date on which the rule in question was last amended.

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DEFINITIONS AND INTERPRETATIONS

Definitions and Interpretation

Unless the contrary intention appears, the following terms used in these Rules shall have the meanings given below:

"Account Holder" in relation to an Account, means the Participant in whose name the Account is held at t2e;

"Account" means an account held by a Participant in which an Environmental Commodity admitted for trading by t2e, may be registered;

"Agencies" means collectively the Environment Agency, Scottish Environmental Protection Agency (SEPA) and the Environment and Heritage Service, a department of the Northern Ireland Office (EHS), or any other person or body authorised from time to time to operate or supervise any system for the authentication, issue or transfer of any Environmental Commodity the trading of which is permitted on t2e and **"Agency"** shall be construed accordingly;

"Application Form" means the standard form document at Part 1, [Appendix A\(i\)](#), Part 2, [Appendix A\(i\)](#) or Part 3, Appendix A(i) required to be completed by persons applying for admission as a Participant;

"body" includes any firm, corporation or organisation;

"Bond" means an arrangement, other than payment of a Deposit, made in accordance with Rule EE.2.10.6 between a Participant and t2e for the lodging by the Participant of a sum of money (or the alternative security) with t2e by way of guarantee of the Participant's obligations;

"Buying Counterparty" or **"Buyer"** in relation to a Market Transaction, means the Participant which has agreed to buy the relevant Environmental Commodity;

"Certificate of Failed Settlement/Delivery" means the certificate in the form at [Appendix E\(iv\)](#) issued by t2e pursuant to Rule [EE.2.19](#) or [EE.2.20](#) informing a Participant that it has failed to perform its obligations relating to a Market Transaction;

"Confirmation of Receipt of Instruments/Funds" means the notice faxed to the Counterparties confirming receipt of an Environment Commodity and cleared funds sent in the form at [Appendix E\(vi\)](#);

"Contract Expiration Notice" means in relation to a Forward Contract, the note issued by t2e showing the rights and obligations of the Counterparties to such Contract with regard to the delivery of the Deliverables and the associated cash payments in the form at [Appendix D\(ii\)](#);

"Contract Proceeds" shall mean the sum of the Transaction Consideration, any Document Fees and/or any additional fees that may be relevant to the trading of the relevant Instrument plus VAT thereon where applicable less the Trading Fee and VAT thereon payable by the Selling Counterparty to t2e in respect of the relevant Market Transaction;

"Contract Specification" in relation to trading of specific Environmental Commodities means the detailed information set out in the relevant part of [Part EE.3](#) of these Rules applicable to the type of Environmental Commodity in question setting out the standard terms applying to all Market Transactions in the relevant Environmental Commodity, as varied by t2e from time to time;

"Default" means failure by a Trading Counterparty to perform its obligations in relation to Deposits, Settlement or Delivery of contracts transacted through t2e at the time and in the manner required by these Rules;

"Deliverable" means all Instruments or other material deliverable by a Selling Counterparty to a Buying Counterparty pursuant to a Registered Contract;

"Delivery" means delivery of Deliverables at Settlement and, where appropriate, includes the crediting of any relevant electronic account maintained for such Deliverables by or on behalf of the Agencies;

"Delivery Day" means the date specified as such in the Contract Specification in Part [EE.3](#);

"Deposit" means the cash deposit provided by each of the parties to a Forward Contract to secure performance of their respective obligations on Settlement of such Contract;

"Deposit Due Date" in relation to a Forward Contract, means close of business on the third Trading Day following the Transaction Date;

"Designated Bank Account" means the bank account specified by a Participant for use in connection with the transfer of sums payable to or by such Participant pursuant to these Rules;

"Designated Position Limit" in relation to a Representative Account means a Position Limit applied to such Account by t2e in accordance with Rule [EE.1.5.4](#);

"Designated Representative Account" means an Account into which positions entered into by a Representative on behalf of an Eligible Participant for whom the Representative acts as such shall be recorded;

"Direct Debit" means the direct debit arrangements operated in accordance with the direct debit mandate in the standard form at [Appendix C](#);

"Document Fees" means any fees chargeable in respect of the issue or splitting of any Instrument;

"Eligible Participant" means a party which would, as a consequence of meeting the criteria for participation laid down by t2e from time to time, be eligible to apply for admission as a Participant, and which may appoint a Representative pursuant to Rule [EE.1.5](#);

"Environmental Commodity" means an Instrument or other material capable of becoming the subject of a Market Transaction in respect of which t2e operates a market from time to time;

"Expiration" in relation to a Forward Contract, means the process whereby trading in a Series is terminated on the Trading Expiration Date for such Series and the rights and obligations of Participants in respect of outstanding Contracts in such Series are settled in accordance with the provisions governing settlement of such Contracts set out in these Rules;

"Expiration Date" in relation to a Forward Contract, means the day of the Expiration Period of the Expiration Year specified in the Contract Specification for contracts in the relevant Instrument set out in these Rules at [Part EE.3](#) or, if not a Trading Day, the subsequent Trading Day;

"Expiration Period" in relation to Forwards, means such weeks or months as t2e may designate as being the Expiration Period(s) in respect of Forward Contracts relating to the relevant Environmental Commodity;

"Expiration Year" in relation to a Forward Contract, means the calendar year designated by t2e as the year in which such Forward Contract will expire;

"Expiry Date" means unless otherwise specified by the Participant placing the relevant Order, the date falling 28 days after the date on which an Order is placed, or, if not a Trading Day, the first Trading Day thereafter or, if earlier, the Market End Date or, in respect of a Forward Contract, the Expiration Date;

"Fees" means any amounts due and payable by a Participant in relation to services provided by t2e in accordance with these Rules;

"First Listing Day" means the first day on which Orders in any Market will be accepted for registration by t2e as set out in the Contract Specification for the relevant Environmental Commodity;

"Forward Contract" means a standardised contract which provides for the settlement of the contract to be effected at a future date in accordance with the Contract Specification for the contract in question set out at the relevant section of [Part EE.3](#) to these Rules and **"Forward"** and **"Forwards"** shall be construed accordingly;

"Instrument" means, in respect of any market for items of that type operated by t2e from time to time, a validly issued document or other form evidence of compliance with the relevant legislation governing the issue of such documents of other form of evidence (including without limitation evidence in electronic form) and **"Instruments"** shall be construed accordingly;

"Last Trading Day" means in relation to Forward Contracts the Trading Day immediately prior to the Expiration Date and, in the case of a Time Limited Market means the Market End Date, and if the Market End Date is not a Trading Day, the immediately preceding Trading Day;

"Late Delivery Warning Fax" means the faxed notice issued by t2e in accordance with [EE.2.19](#) or [EE.2.20](#) in the standard form at [Appendix E\(iii\)](#);

"Late Settlement Warning Fax" means the faxed notice issued by t2e in accordance with [EE.2.19](#) or [EE.2.20](#) in the standard form at [Appendix E\(ii\)](#);

"Market End Date" in relation to a Time Limited Market, means the date or dates specified by t2e in accordance with the Contract Specification as being the last date on which contracts can be concluded in the relevant Time Limited Market;

"Market Start Date" in relation to a Time Limited Market means the date or dates specified by t2e in accordance with the Contract Specification as being the first date on which contracts can be concluded in the relevant Time Limited Market;

"Market Information" means information relating to Market Transactions and the trading of Instruments generally which is published by t2e in accordance with the terms of Rules [EE.1.10](#) and [EE.1.11](#);

"Market Official" means an official appointed by t2e who is responsible for providing the services to Participants described more fully in these Rules;

"Market Transaction" means an agreement for the sale or purchase of an Environmental Commodity between Participants concluded by means of the facilities provided by t2e for the trading of such Environmental Commodities in accordance with these Rules and **"Transaction"** shall be construed accordingly;

"Marketplace Service" means the marketplace service provided by t2e to Participants as described more particularly in [Part EE.2](#) of these Rules;

"Order" means a binding indication of a firm order for Environmental Commodities registered in the Orderbook by t2e on behalf of the Participant or in the case of use of the interactive online trading facility, by the Participant directly, through the Website;

"Orderbook" means in relation to any Environmental Commodity, means the register of current Orders for such Environmental Commodities maintained by t2e pursuant to these Rules which record may comprise the data displayed on the Website;

"Order Confirmation Notice" means the notice issued by t2e to a Participant confirming registration of an Order in the form at [Appendix E\(i\)](#);

"Participant" means a party which has entered into a Participation Agreement with t2e and as such is eligible to trade on t2e and **"Participants"** shall be construed accordingly;

"Participation Agreement" means the standard form agreement entered into by a Participant governing that party's position as a Participant in the form at [Appendix A\(ii\)](#) to these Rules;

"Participation Criteria" means the requirements applied by t2e set out at Rule [EE.1.3](#) which need to be satisfied by Participants;

"Position Limits" means the limits applied from time to time by t2e whether generally or in relation to a particular Participant imposing limits on the value of Environmental Commodities (either in monetary or tonnage terms or as otherwise appropriate) of any type which may be registered in an Account;

"Proprietary Account" means an account maintained by a Participant at t2e for the Registration of Market Transactions entered into by it pursuant to these Rules on a proprietary basis;

"Proprietary Trader" means a Participant which is acting on its own account in respect of t2e Contracts;

"Protest" means a request submitted by a Participant to t2e requesting the cancellation or amendment of an incorrect Registration or the Registration of a Market Transaction which had been omitted;

"Registered Contract" means a contract to buy and sell Instruments registered in an Account following the execution of a Market Transaction entered into through t2e in accordance with these Rules;

"Registered Counterparties" means the Participants which are registered as the parties to a Registered Contract following execution of a Market Transaction and **"Counterparty"** shall be construed accordingly;

"Registration" means the process of recording Market Transactions in the Account specified by a Participant in accordance with these Rules;

1.1

1.2 **"Remittance Advice" means, in relation to any contract, the notice of sums to be paid, faxed in accordance with the settlement procedures in [EE.2](#) in the standard form at [Appendix E\(v\)](#);**

1.3

1.4 **"Representative Agreement" means the standard form agreement entered into by a Representative and an Eligible Participant governing those parties' relationship with t2e in one of the forms at [Appendix B](#) to these Rules;**

"Representative" means a Participant which has given notice in writing to t2e that it intends to represent one or more Eligible Participant in relation to Market Transactions to be entered into by it in such capacity in accordance with these Rules (see Rule [EE.1.5](#));

"Rules" means these rules and the documents appearing in the Appendices as amended from time to time and **"Rule"** shall be construed accordingly;

"Selling Counterparty" or **"Seller"** in relation to a Market Transaction means the Participant which has agreed to sell the Environmental Commodities in question;

"Series" means Forward Contracts having the same Expiration Period and Expiration Year;

"Settlement" means the procedures for settlement of the obligations of the Counterparties to a Registered Contract and in particular the payment of the Settlement Amount against delivery of Instruments in accordance with t2e's instructions pursuant to the relevant provisions of these Rules;

"Settlement Account" means the account maintained by t2e for settlement of Market Contracts in the relevant Instrument as specified in [Part EE.3](#);

"Settlement Advice Fax" means in relation to Settlement procedures in Rules [EE.2.14.2](#) and [EE.2.16.3](#) the fax in the standard form set out in [Appendix E\(ix\)](#);

"Settlement Amount" in relation to a Market Transaction means the Transaction Consideration, any Document Fees and/or any additional fees that may be relevant to the trading of the relevant Environmental Commodity and the Trading Fee payable by the Buying Counterparty to t2e in respect of the relevant Market Transaction plus VAT thereon where applicable;

"Settlement Date" means the date specified as such in the Contract Specification;

"Spot Contract" means a contract which provides for the sale or purchase of an Environmental Commodity in respect of which such sale or purchase is concluded at the time the contract is entered into which is subject to performance in the manner set out in the Contract Specification for such Contract and the section at [Part EE.3](#) applicable to the Contract in question;

"Stored Order" means an Order relating to a t2e Contract which is stored in the Orderbook in accordance with these Rules;

"Summary of Traded Contracts" means the summary issued by t2e in the form at [Appendix D](#) of traded contracts that a Participant has as at that point in time in all open forward markets;

"Time Limited Market" means a market in an Environmental Commodity in relation to which t2e has established a date or dates by which contracts in such Environmental Commodity must have been concluded failing which the relevant Order will be deemed to have expired;

"Trading Counterparties" means, in relation to a Market Transaction, the Participants whose bid and offer prices have been matched by t2e in accordance with these Rules;

"Trading Day" means a day on which t2e is open for trading Environmental Commodities which is every day except Saturdays and Sundays and London Bank Holidays;

"Transaction Confirmation Notice" means the notice issued by t2e to the Registered Counterparties following execution of a Market Transaction in the forms at [Appendix D](#);

"Transaction Consideration" in relation to a Market Transaction means the purchase consideration payable by the Buying Counterparty or to be used for the purposes of establishing the rights and obligations of the Parties on expiration of a Forward Contract determined by multiplying the number of units of the relevant Environmental Commodity (typically tonnes) contracted to be bought and sold in the Market Transaction in question by the price per unit of that Environmental Commodity agreed upon by the Counterparties exclusive of VAT and it is used for the purpose of calculating deposits due on t2e Forward Contracts;

"Transaction Date" means in relation to a Market Transaction, the date on which Participants' bid and offer prices have been matched through t2e in accordance with the Rules;

"Warning Order Day" means, in relation to a Forward Contract (i) which has a monthly Expiration Date; and (ii) which has a weekly Expiration Period the date falling 5 calendar days prior to the Expiration Date, the first calendar day of the Expiration Month or, in each case, if not a Trading Day, the preceding Trading Day; and

"Website" means any website operated by t2e from time to time including, as at the date of adoption of these Rules, the interactive trading website at www.t2e.co.uk.

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EE.1.1 Introduction

EE.1.1.1 The Environment Exchange and the acronym "t2e" are trading names for the marketplace for the trading of Environmental Commodities and settlement of the consequent contracts ("**the t2e Market**") operated by The Environment Exchange Limited for Eligible Participants and the provision to those Participants and others of market information.

"t2e" and "**The Environment Exchange**" are trade marks vested in The Environment Exchange Limited. Participants shall not use any of the said trade marks other than for purposes reasonably connected with trading and settlement of t2e Contracts or other products or services provided by t2e in the absence of express written consent given by t2e permitting such use.

Participation in the trading of Environmental Commodities is available to organisations which have applied for admission as a Participant by submitting an Application Form ([Appendix A \(i\)](#)) to t2e and have entered into a Participation Agreement ([Appendix A\(ii\)](#)) pursuant to these Rules.

EE.1.1.2 These Rules prescribe the terms on which t2e provides Marketplace Services to Participants. In the event that there is any conflict between these Rules and any other statement whether written or oral made by t2e at any time, the terms of these Rules shall prevail.

EE.1.2 Relationship with Participants

EE.1.2.1 t2e is committed to providing exchange services of the highest quality to Participants.

EE.1.2.2 To this end t2e aims to:

- (i) set rules and standards for Participants which ensure the provision by it of a fair market in which Environmental Commodities can be properly priced;
- (ii) extend rights of participation in t2e only in accordance with the rights and obligations conferred from time to time by the Agencies and only to suitable bodies of good standing which:-
 - (a) operate appropriate internal procedures for the supervision of their activities; and
 - (b) have sufficient resources to perform their obligations under any contracts entered into pursuant to these Rules;
- (iii) monitor the continuing compliance with the foregoing requirements by Participants to minimise the risk of default and to minimise the impact on the market should a default occur;
- (iv) monitor and assess trading at the exchange, the activities of Participants and the quality of its markets; and
- (v) enforce compliance with these Rules.

EE.1.2.3 t2e believes that the quality of its Participants and their standard of conduct is of fundamental importance to its standing as an exchange and is firmly committed to the fair and proper enforcement of these Rules. For disciplinary procedures and the sanctions available to t2e against Participants in respect of breaches of these Rules see Rule [EE.1.8](#).

EE.1.2.4 All Participants shall comply fully with these Rules and will at all times act with probity and prudence in a way which promotes the operation by t2e of an orderly market in Environmental Commodities and the best interests of t2e and its Participants as a whole.

EE.1.2.5 Each Participant shall inform t2e immediately of any failure by it or any other Participant of which it is aware to comply with these Rules.

EE.1.2.6 Each Participant shall provide to t2e such financial information as t2e may request from time to time and, without prejudice to the foregoing generality, will inform t2e immediately of any change in its financial position which might cause it to fail to satisfy its obligations under Market Transactions.

EE.1.2.7 Each Participant shall inform t2e immediately of the occurrence of any event which affects its regulatory status required for its participation in Market Transactions and, without prejudice to the generality of the above, a Participant shall inform t2e of the occurrence of any event which affects its accreditation by the Agencies.

EE.1.2.8 Each Participant shall report any dispute with any third party relating to a Market Transaction to t2e at the earliest opportunity.

- EE.1.2.9 Each Participant shall inform t2e in writing of any change in its name, principal place of business, or principal shareholders or controlling interest, directors or officers, bank account details, delivery address, delivery or settlement contacts and of any change in the list of persons authorised to effect Market Transactions at t2e. Wherever possible, such notice shall be given prior to the occurrence of the event in question.
- EE.1.2.10 Each Participant shall allow t2e access to its premises and relevant records and shall co-operate fully in connection with any investigation which t2e considers should be undertaken into any aspect of the conduct of such Participant arising from its activities as a Participant or any suspected breach by it of these Rules. t2e will generally give advance notice of any intended investigation.
- EE.1.2.11 In addition to investigations carried out under Rule [EE.1.2.10](#) above, t2e may conduct periodic visits to Participants to satisfy itself that such persons are complying fully with the requirements of these Rules. In such circumstances the Participant shall allow t2e access to its premises and relevant records and shall co-operate fully in connection with any visit conducted under this Rule. t2e shall give the Participant advance notice of its visit.
- EE.1.2.12 t2e may use the services of any appropriate regulatory organisation in any investigation undertaken by it under these Rules or otherwise.
- EE.1.2.13 Where t2e believes that the activity of a Participant requires investigation it may request information from or consult with any body which it considers appropriate to assist in any such investigation.
- EE.1.2.14 Participants shall co-operate fully with t2e's market supervision department or other supervisory or regulatory body in any such investigation and shall take appropriate action in accordance with any direction issued by t2e or such supervisory or regulatory body following such investigation.
- EE.1.2.15 t2e may pass any information which it obtains under an investigation under these Rules to the Agencies or to any Government agency responsible for the regulation of activity in the area of environmental compliance in the United Kingdom or to any overseas body having such responsibility in a jurisdiction connected with the Participant. t2e shall not disclose any information coming into its possession as a result of such investigation to any other person without the express authorisation of the Participant in question, save as required by law.
- EE.1.2.16 t2e may exclude any party from trading in Environmental Commodities on t2e or otherwise participating in t2e's Marketplace Service or place such other restrictions on the activities of the Participant as t2e considers necessary (i) following any change in the circumstances of the Participant of any type described in this Rule [EE.1.2](#) and [EE.1.3](#); or (ii) if t2e considers that any Participant lacks sufficient resources, financial or otherwise, to perform its obligations under contracts entered or to be entered into pursuant to these Rules.
- EE.1.2.17 No delay by t2e in exercising or failure to exercise any right arising under or pursuant to these Rules by t2e shall be deemed to be a waiver of any such right (unless expressly stated so to be), nor shall such delay have any effect on the respective rights of Participants.
- EE.1.2.18 In the event that t2e agrees to waive its rights arising under or pursuant to these Rules, that waiver shall relate to its particular subject matter and shall not be deemed to relate to any other provision or breach of these Rules, nor shall such a waiver have any effect on the rights and obligations of Participants in respect of a Market Transaction.
- EE.1.3 Environment Exchange Participation Criteria**
- EE.1.3.1 Participants are required to satisfy criteria applied by t2e appropriate to the capacity in which they intend to act at t2e.
- EE.1.3.2 t2e may in these Rules, or otherwise in writing from time to time, specify criteria which Participants must satisfy before they may participate in t2e's Marketplace Service. An applicant for participation in t2e's Marketplace Service shall produce such evidence as t2e at any time requests to confirm that it meets t2e's criteria for participation.
- EE.1.3.3 A Participant shall satisfy t2e that that Participant has the requisite operational skills and experience for participation in the relevant market and that it is organised to ensure that its trading activity is conducted in accordance with these Rules and that any Position Limits applied to it are observed.
- EE.1.3.4 In addition to any other fees and charges payable by Buying and Selling Counterparties, Participants shall pay to t2e such sum as t2e may, in its sole discretion, elect to charge by way of a fee to become or remain a Participant in any market or markets operated by t2e (a "**Participation Fee**"). Any Participation Fee shall be payable on such terms as t2e thinks fit. t2e may, if it chooses to do so, offer benefits (in addition to the right to become or remain a Participant) to Participants who have been charged a Participation Fee.
- EE.1.3.5 A Participant shall maintain the necessary arrangements to provide for the Settlement of Registered Contracts and in particular shall:
- (i) maintain one or more accounts at a bank approved by t2e to ensure the timely Settlement of all Transactions; and

- (ii) establish the necessary procedures in connection with any Environmental Commodity which is subject to Delivery as may be required in accordance with the these Rules; and
- (iii) establish Direct Debit arrangements or such alternative arrangements as are agreed with t2e for the provision of Deposits and Settlement of Market Transactions in accordance with t2e instructions.

EE.1.3.6 Subject to these Rules and any criteria of the Agencies, there is no restriction on the number of Participants at t2e.

EE.1.4 Accounts

EE.1.4.1 A Participant shall open one or more Accounts at t2e for the Registration of transactions effected by it as are appropriate to its activities.

A Participant which intends to enter into transactions on its own account as a Proprietary Trader shall open a Proprietary Account for Registration of Market Transactions entered into by it on such basis.

The specific provisions which apply to Representatives opening and operating Accounts at t2e are set out at Rule [EE.1.5](#).

EE.1.4.2 Participants shall confirm to t2e the Account in which an Instrument is to be registered on placing the Order in question with the Market Official.

EE.1.4.3 Participants shall ensure that transactions are registered in the appropriate Account in accordance with the foregoing provisions of this Rule.

EE.1.4.4 Where a Participant discovers that a transaction has been registered in an incorrect Account it shall inform t2e immediately of that fact and confirm the particulars of the Account in which the transaction should have been registered in writing.

t2e shall transfer the Registered Contract to the appropriate Account in line with the Participant's instructions provided that it is satisfied that such action is appropriate in the circumstances.

EE.1.4.5 The parties to a Registered Contract shall perform the obligations to which they are subject in relation to the Contract strictly in accordance with these Rules.

EE.1.5 Representatives

EE.1.5.1 An Eligible Participant may arrange for Instruments and Orders relating thereto to be reported to t2e by a Representative on its behalf in accordance with these Rules. For the avoidance of doubt a Representative may represent one or more Eligible Participants for the purposes of trading at t2e.

Such arrangements shall normally be made by a Representative acting on behalf of an Eligible Participant with which it has concluded a Representative Agreement ([Appendix B\(i\)](#)).

Participants should note that they may not maintain a Representative Agreement of the type provided for in [Appendix B\(i\)](#) with more than one Representative at any time.

An Eligible Participant which has established arrangements with a Representative in accordance with this Rule may not place Orders relating to Market Transactions directly. An Eligible Participant may not appoint an alternative Representative until both (a) the existing Representative has resigned in writing; and (b) a Representative Agreement has been concluded with the new Representative.

EE.1.5.2 Where t2e is satisfied, however, that reasons of commercial expediency prevent the Representative Agreement being concluded prior to any such transaction and is further satisfied that the Representative is duly authorised to act in such capacity on behalf of the Eligible Participant, t2e may agree, at its sole discretion and on submission by the Representative of the Representative Agreement at [Appendix B\(ii\)](#), to accept a transaction for registration. Furthermore the Representative must satisfy t2e that it has the financial ability to settle its contracts and liabilities in full.

EE.1.5.3 t2e may in these Rules or otherwise in writing from time to time specify criteria which an organisation must satisfy before it may appoint a Representative to act on its behalf in relation to Market Transactions.

EE.1.5.4 The Representative shall provide full details of each Eligible Participant for whom it acts as Representative to t2e as and when requested and shall confirm the relevant status enjoyed by the Participant.

t2e may specify a Designated Position Limit for each Eligible Participant for whom the Representative acts as such. Such Designated Position Limit may be varied by t2e on giving notice in writing to the Representative of the revised Limit. Such notice shall take effect at the time specified by t2e.

The Representative shall ensure that it does not place any Order with t2e or cause any Market Transaction to be executed for an Eligible Participant which would cause the Designated Position Limit for such Eligible Participant to be exceeded.

- EE.1.5.5 t2e will open a Designated Representative Account for an Eligible Participant on receipt of a request from a Representative acting on its behalf and the Representative Agreement executed by the Eligible Participant and the Representative (or in the circumstances specified in Rule [EE.1.5.1](#)). It is the responsibility of the Representative to deliver the duly completed Representative Agreement to t2e prior to the start of the trading on behalf of that Participant. Such Account shall be used exclusively for the Registration of Market Transactions executed by the Representative for the Eligible Participant in question.
- EE.1.5.6 The Representative which has opened the Representative Account for an Eligible Participant shall arrange for transactions to be executed through Market Officials or via the Website in accordance with the Eligible Participant's instructions and shall ensure that such transactions are registered in the appropriate Designated Representative Account.
- EE.1.5.7 Where an Eligible Participant has entered into the Representative Agreement at [Appendix B\(i\)](#) with a Representative and t2e:
- (i) all transactions which the Representative arranges to be executed on behalf of the Eligible Participant through the Market Official shall be registered in its Representative Account;
 - (ii) where applicable, the Deposit required to be provided in relation to a Registered Contract held on a Representative Account shall be calculated in isolation and shall not be combined with any such Deposit provided by the Representative for any other Account for the purposes of determining the amount of Deposit required to be provided as a result of Contracts registered in such Designated Representative Account;
 - (iii) the Eligible Participant may choose to provide the required Deposit directly to t2e to cover the obligations resulting from Registered Contracts on its Representative Account or may alternatively arrange for such Deposit to be provided by the Representative to t2e; and
 - (iv) both the Representative and the Eligible Participant are liable to t2e as principals for the due and proper performance of all obligations resulting from the registration of a Contract in a Designated Representative Account opened by the Representative for the Eligible Participant in question. Save where the Eligible Participant elects to and informs t2e in writing that it intends to provide the required Deposit and/or any final settlements directly to t2e, the Representative shall be responsible for discharging the daily administrative and related obligations arising from Market Transactions registered in the Designated Representative Account.
- EE.1.5.8 Where a transaction has been executed by a Representative on behalf of an Eligible Participant, the resulting Registered Contract may be transferred by t2e to a Designated Representative Account opened by another Representative for such Eligible Participant provided that no such transfer will be effected unless and until t2e receives:
- (i) notice in writing from the existing Representative and the Eligible Participant confirming their intention to terminate their relationship under the Representative Agreement; and
 - (ii) confirmation in writing from the Eligible Participant and the newly appointed Representative confirming its authority to act in such capacity on behalf of the Participant.
- [EE.1.5.9 Where an Eligible Participant provides funds directly to t2e in respect of obligations on its Representative Account, t2e may require the Eligible Participant to provide such evidence as t2e may reasonably require to satisfy itself that the provision of such Deposit would not involve any breach by t2e of the regulations governing money laundering for the time being in force.]
- EE.1.5.10 In representing Eligible Participants, Representatives shall:-
- (a) comply with all relevant extra-statutory guidance issued by the Agencies and these Rules; and
 - (b) not hold themselves out as acting on behalf of, or representing, t2e in any manner whatsoever.
- EE.1.5.11 Under all circumstances Representatives shall maintain appropriate records of transactions effected by them for Eligible Participants for whom they act.
- EE.1.5.12 t2e has made arrangements with the Agencies under which the Agencies or their representatives may inspect the records of Representatives to confirm that they are duly authorised to act on behalf of the Eligible Participant and that the Eligible Participant has the necessary status to enable it to be represented by the Representative. The Representative shall co-operate fully with the Agencies or t2e in providing access to its records, other information or such other assistance as the Agencies or t2e may require for these purposes.
- EE.1.6 Market Transactions and Contracts**
- EE.1.6.1 The terms on which contracts in respect of Environmental Commodities are concluded by Counterparties are specified in [Part EE.2](#) and in the Contract Specification for the Environmental Commodity in question at [Part EE.3](#) of these Rules.

EE.1.6.2 All Market Transactions are executed through the services of Market Officials or the Website in accordance with these Rules and the Buying Counterparty and the Selling Counterparty involved in such transaction shall enter into a contract on the terms of these Rules and the Contract Specification for the trading of the relevant ● and, with regard to the size of the transaction, its price and other relevant details, in accordance with the terms agreed on execution of the Market Transaction in question.

Market Transactions shall be registered immediately in the Account or Accounts specified by the Participants involved in the Market Transaction and shall be binding on such parties from the time of such Registration.

EE.1.6.3 A Market Transaction which is incorrectly registered for or by a Participant may be cancelled or corrected by that Participant provided that a valid Protest is made to t2e no later than 9.30 a.m. on the day following the day on which the Contract was registered. A Protest will only be valid for such purposes if a statement in writing setting out the grounds of the Protest is received by t2e at or before the time specified above. In the absence of any such Protest, an incorrectly registered Market Transaction will remain in full force and effect and will bind the Registered Counterparties to such Contract.

On t2e's receipt of a Protest, t2e will investigate the matter and will inform the Participant who submitted the Protest and any other Participant affected by it of its decision prior to the start of trading on the Trading Day after the day on which the Protest was received.

t2e may take such action as it considers necessary in relation to a Market Transaction which is incorrectly registered by a Market Official.

t2e's decision in these respects shall be final and binding.

EE.1.6.4 Following Registration of a Market Transaction, the Buying and the Selling Counterparties have the rights and obligations in respect of that Market Transaction as specified in Parts [EE.2](#) and [EE.3](#).

EE.1.7 Fees

EE.1.7.1 Participants shall pay to t2e such fees including, but not limited to participation fees, document fees, trading fees and others as t2e may specify from time to time.

EE.1.7.2 t2e may specify a minimum trading fee in relation to Market Transactions in a particular Environmental Commodity and, where t2e does so by reference to a particular quantity of Environmental Commodities:-

the minimum trading fee applies only to the Participant who initiated the Market Transaction by placing an Order in respect of an amount less than the relevant minimum quantity of Environmental Commodities (the "Initiator");

the minimum trading fee is not payable by the Initiator's Counterparty, who shall be liable to pay only the standard trading fees for the Market Transaction in question; and

where an Order of less than the relevant minimum quantity is placed by the Initiator and is subsequently divided into a series of smaller Market Transactions the minimum trading fee is payable by the Initiator only in respect of the first Market Transaction executed against that Order.

EE.1.7.3 All fees and other charges specified in these Rules are exclusive of VAT which will be payable in addition as applicable. t2e will, in respect of sums payable to t2e, issue to Participants as appropriate a valid VAT invoice.

EE.1.8 Disciplinary Procedures

EE.1.8.1 t2e will apply the following procedures in circumstances where it believes that a Participant may have acted in breach of these Rules.

EE.1.8.2 t2e shall inform the Participant in question of the relevant circumstances, including:

- (i) the act or omission in question;
- (ii) the Rule or Rules allegedly transgressed; and
- (iii) any other material information.

- EE.1.8.3 t2e shall provide the Participant with the opportunity of commenting orally or making written representations on the matters under investigation.
- EE.1.8.4 The Participant may, within two weeks of the day on which it is notified in writing of the matter under investigation, request a hearing at which the matter will be heard. t2e shall reach a final decision on the matter either within 7 Trading Days of the date on which the hearing was held or, in the event that additional information is requested by t2e following the hearing which it requires in order for it to reach a decision, within 7 Trading Days of receiving such information to its entire satisfaction.
- EE.1.8.5 Where t2e determines that the Participant has acted in breach of one or more of these Rules it may apply any one or more of the following sanctions against the Participant as it considers at its sole discretion to be most appropriate in all the circumstances:
- (i) to issue a written reprimand;
 - (ii) to impose a fine in an amount which it considers appropriate;
 - (iii) to exclude the Participant from trading for a specified period;
 - (iv) to exclude the Participant from trading in certain Environmental Commodities or from trading in certain capacities for such period as it considers appropriate;
 - (v) to impose any other conditions or restrictions on the Participant;
 - (vi) to terminate the Participant's right to participate in trading through t2e; and
 - (vii) to report the matter to the Agencies or to any other relevant authority at the discretion of t2e.
- EE.1.8.6 Where t2e considers it appropriate, it may publish details of the breach of the Rules committed by a Participant and of any action it has taken under these Rules in respect of such breach.
- EE.1.8.7 When t2e determines that the breach of these Rules concerns one or more Market Transactions, it may additionally expunge the contract or contracts in question, direct that the price of the contract be amended to such level as it considers appropriate or take such other action in relation to the contracts in question as it considers appropriate in the circumstances.
- EE.1.9 Complaints**
- EE.1.9.1 The complaints procedures set out in this Rule shall apply to the resolution of all complaints by Participants relating to t2e and the provision by it of trading and settlement facilities. This Rule shall apply to, but shall not be limited to, disputes between Participants and between a Participant and t2e.
- EE.1.9.2 Notice of its intention to initiate these complaints procedures may be given by a Participant orally to the Managing Director of The Environment Exchange Limited (whom failing Morton Fraser LLP (the Company Secretaries) on 0131 247 1000 (Ref: AEB)) or in writing. When an oral complaint is made, t2e will attempt to resolve it to the satisfaction of the complainant summarily but will provide the complainant with such further opportunity to discuss the matter as is appropriate.
- EE.1.9.3 Where a written complaint is submitted, the complaint should be directed to the Managing Director of The Environment Exchange Limited, 8 Albany Street, Edinburgh EH1 3QB at the earliest opportunity. The complaint should detail:-
- (i) the date and time of the incident forming the basis for the complaint;
 - (ii) the details and basis of the complaint;
 - (iii) the names of parties involved; and
 - (iv) any other relevant information.
- EE.1.9.4 Where a written notice of complaint is submitted, t2e will treat the matter as a formal complaint and shall:
- (i) acknowledge receipt of the complaint forthwith;
 - (ii) inform the Participant making the complaint of the steps it will take to investigate the matter;
 - (iii) investigate the matter and seek representations from other parties where appropriate;
 - (iv) provide the complainant with a summary of the findings of its investigation and with the opportunity of making further comments on the matter; and
 - (v) provide the complainant with a written response to the complaint and an indication of the steps to be taken in accordance with its findings.

- EE.1.9.5 If t2e considers that it would facilitate the resolution of the complaint, it may arrange a hearing at which the complainant and any other party involved in the complaint may have the opportunity to make representations regarding the matters raised in the notice of complaint.
- EE.1.9.6 The complainant and any other Participant notified by t2e of the complaint shall co-operate fully with t2e in resolving the complaint including attending at any such hearing at such place and time determined by t2e as being reasonable for all parties.
- EE.1.9.7 Where the complaint concerns any act or omission of t2e in relation to its provision of trading and settlement services in relation to Market Transactions, t2e will undertake in so far as is reasonably practicable to resolve the complaint to the satisfaction of the complainant.
- EE.1.9.8 Where on investigation of a complaint concerning the conduct of a Participant, t2e concludes that the complaint is substantiated, it may invoke its Disciplinary Procedures under Rule [EE.1.8](#).

EE.1.10 Distribution of Market Information

- EE.1.10.1 t2e disseminates Market Information relating to Market Transactions in accordance with the provisions of this Rule.
- EE.1.10.2 A Participant who receives Market Information directly from t2e or from that Participant's Representative may use and process the information for its own internal business use only, and (unless it has obtained t2e's prior written consent) for no other purpose. A Participant which acts as a Representative further has the right to provide the Market Information to the Eligible Participants for whom it acts in such capacity.
- EE.1.10.3 t2e accepts no responsibility for any direct or indirect damage or loss caused by a Participant's use of Market Information. t2e accepts no responsibility for the accuracy, or completeness of Market Information originating from a third party which is provided to Participants either directly by t2e or by that Participant's Representative.

EE.1.11 Copyright and Intellectual Property

- EE.1.11.1 Copyright and all other intellectual property rights in these Rules and all other documentation or software produced by t2e relating to the trading of Environmental Commodities or settlement of Market Transactions and Market Information disseminated to Participants under these Rules is vested in The Environment Exchange Limited.

Participants shall not reproduce, use or sanction the reproduction or use of any such material or any part thereof other than for purposes necessarily connected with such trading and settlement operations without the prior express consent in writing of t2e.

EE.1.12 Limits of Liability

- EE.1.12.1 t2e shall not be liable to any Participant, any Eligible Participant, any Representative or any other party for any loss or damage which may result directly or indirectly from any legislative enactment in the United Kingdom or in any overseas jurisdiction, any action taken by any Government department or agency in the United Kingdom or in any overseas jurisdiction, any action taken by the Commission of the European Union or any agency or division thereof, from any act of war, terrorist activity, power failure, fire, water damage, embargo, strike, blockade, boycott or lockout or other similar action or circumstance irrespective of whether t2e is involved directly therein.
- EE.1.12.2 t2e shall not be liable to any Participant or other party for any loss or damage which may result directly or indirectly from any technical problem affecting or interfering with the provision by t2e of its trading and settlement services in the absence of gross negligence on the part of t2e.
- EE.1.12.3 t2e shall not be liable to any Participant or other party in any circumstances for any claim for economic loss, loss of profit or loss of opportunity for profit, loss of data, or for indirect, incidental or consequential loss or damage.
- EE.1.12.4 If any of the circumstances described in Rule [EE.1.12.1](#) occurs which prevents t2e performing any obligation under these Rules at the prescribed time in whole or in part, the time for performance of such obligation shall be suspended for as long as the said circumstances exist. In these circumstances, t2e shall not be liable to pay interest on any sum which is paid at a later time than would otherwise have been the case.
- EE.1.12.5 In the absence of gross negligence, t2e shall not be liable to compensate the Participant or any other party for any loss or damage arising other than in circumstances in which liability is expressly admitted in these Rules.
- EE.1.12.6 Nothing in this Rule [EE.1.12](#) shall exclude or limit, or purport to exclude or limit, the liability of any Party in the event of wilful default, fraudulent misrepresentation or death or personal injury resulting from negligence.

EE.1.13 Emergency Provisions and Force Majeure

EE.1.13.1 Where t2e considers that circumstances exist which have an adverse effect on the trading and settlement services provided by t2e in relation to its Marketplace Service or which affect the quality of any of its markets, t2e may take such action as it in its sole discretion deems necessary.

The forms of action which t2e may take under this Rule include, but shall not be limited to, the following :

- (i) suspending or restricting the trading and settlement services of t2e or any part thereof;
- (ii) suspending or restricting trading in any Environmental Commodities(s);
- (iii) amending these Rules including the terms applicable to any Market Transaction; or
- (iv) amending the terms of Registered Contracts.

In taking action under this Rule, t2e will have regard to the interests of Participants generally in the circumstances and will act in an impartial manner, and in the case of (i) and (ii) the provisions of Rule [EE.2.8.1](#) will apply.

EE.1.13.2 Without prejudice to the generality of Rule [EE.1.13.1](#), t2e may take the action prescribed in this Rule where it is satisfied (whether pursuant to notice given by one or more Participants or otherwise) that the performance of the obligations relating to a Market Transaction are affected by a situation which is beyond its reasonable control ('force majeure').

Where one or more Participants are unable to fulfil their obligations under a Market Transaction due to force majeure circumstances which could not have been reasonably foreseen or guarded against, t2e may, following discussions with both parties to the Market Transaction(s) in question, direct that the terms of the Market Transaction be modified in such manner as t2e considers best serves the interests of the market in the circumstances. The modifications to the terms which may be applied by t2e shall include but shall not be limited to changing the date or place of delivery, substituting cash settlement for physical delivery or changing the currency of settlement.

EE.1.13.3 A Participant which considers that it is affected by a situation of force majeure shall inform t2e immediately providing details of the nature and extent of the circumstances giving rise to the force majeure situation and shall also indicate the likelihood of it being able to perform its obligations under the Market Transaction in question and the time by which the said obligations will be fulfilled.

EE.1.13.4 Where t2e has taken any action pursuant to this Rule, it shall notify Participants of such fact at the earliest opportunity. Participants shall inform any Eligible Participant for whom they act as Representative which might be affected by such action of the measures taken by t2e.

EE.1.13.5 Where t2e amends the terms of a Market Transaction in accordance with this Rule, performance of the obligations of the modified contract shall be deemed to be full and final settlement of the obligations of the Counterparties to the Market Transaction in question.

EE.1.14 Interactive Trading

EE.1.14.1 These Rules apply to all Market Transactions whether arranged by Participants through Market Officials or by use of the Website and where the context so admits:-

- (i) any reference to any act being carried out by a Market Official includes that act being effected by or via the Website and vice versa; and
- (ii) any reference to t2e faxing or otherwise despatching any document to a Participant includes the despatch of that document in electronic form by or via the Website.

EE.1.14.2 t2e may communicate with Participants by fax and/or email. The email communication is however the principal record. The fax communication is however the principal record. Participants are solely responsible for the proper functioning of their own fax machines and/or facilities for the receipt by them of email.

EE.1.15 Amendments to these Rules

EE.1.15.1 t2e may amend these Rules by notice in writing to Participants. The amendment shall take effect at the time specified in such notice. Such amendment shall in the absence of an express statement to the contrary apply to Registered Contracts entered into before the amendment in question comes into effect.

EE.1.15.2 Where t2e considers that the amendment to the Rules is of fundamental importance or will affect the terms of previously Registered Contracts, it shall use its best endeavours to consult with Participants before making the amendment, save where the amendment is required as a result of legislation, the decision of a court or any action taken or regulation issued by a regulatory body or governmental body which affects t2e.

EE.1.15.3 Representatives shall take reasonable steps to advise the Eligible Participants for whom they act as Representatives of amendments to these Rules as they consider appropriate and shall have regard to any guidance issued by t2e in this respect.

EE.1.16 Governing Law

- EE.1.16.1 These Rules shall be construed and applied in accordance with English law.
- EE.1.16.2 Subject to the provisions set out in Rules [EE.1.9.1](#), any dispute between a Participant and t2e (but not as between Participants) concerning these Rules or any transaction effected pursuant to these Rules shall be referred to and finally resolved by arbitration under the Rules of Controlled Cost Arbitration of the Chartered Institute of Arbitrators and these Rules are deemed to be incorporated by reference into this clause. The arbitrator shall be appointed by the Honorary President, President or a Vice President for the time being of the Chartered Institute of Arbitrators on the unilateral application of t2e.

PART EE.2 LISTING AND TRADING OF ENVIRONMENTAL COMMODITIES

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EE.2.1 Trading Principles

EE.2.1.1 Participants shall co-operate fully with t2e and other Participants in the promotion of an orderly market in the trading of Environmental Commodities and high standards of fair dealing and integrity in the trading of Environmental Commodities and shall always act in the best interest of the t2e Market. See Rule [EE.1.2.4](#).

Participants shall also have regard to any applicable legislation, any extra-statutory guidance and such other guidelines as may be issued or prescribed from time to time by the Agencies.

Participants shall also have regard to any guidance or other directions published by the Agencies concerning obligations relating to environmental compliance and other related matters which are relevant to the market in any Environmental Commodity.

EE.2.1.2 Participants shall comply fully with these Rules in conducting any activity on or in relation to the t2e Market and with any guidance which t2e may issue from time to time concerning the application of these Rules and trading on the t2e Market generally.

EE.2.1.3 All Market Transactions will be arranged for and entered into by Participants through the Marketplace Service.

All Market Transactions are entered into by Participants as principal.

EE.2.1.4 A Participant may contact a Market Official by telephone to express an interest in buying or selling an Environmental Commodity in response to any published Order or to indicate that it would be interested in such a transaction if one or more of the published terms were varied

Where available a Participant may utilise t2e's online trading facility located on the Website. Use of the Website may be made in order to facilitate the making of Orders.

A Participant which places an Order indicating that it intends to enter into a Spot Contract to sell Environmental Commodities must hold the Environmental Commodities which it will be required to deliver on Settlement of the Market Transaction which would result from the execution of the Order at the time the Order is placed and have the right to sell any such underlying Environmental Commodity.

A Participant which places an Order indicating that it intends to enter into a Spot Contract to buy Environmental Commodities must hold the necessary funds to settle the contract in question at the time the Order is placed.

A Participant which places an Order indicating that it intends to enter into a Forward Contract to sell Environmental Commodities must:-

- (i) hold the Environmental Commodities which it will be required to deliver on Expiration of the Forward Contract or procure that it has such Environmental Commodities in its possession at the time they are required to be delivered in accordance with these Rules on settlement of such Forward Contract; and
- (ii) hold sufficient funds for the payment of the Deposit.

A Participant which places an Order indicating that it intends to enter into a Forward Contract to buy Environmental Commodities must hold the necessary funds for the payment of the Deposit in question at the time the Order is placed and must procure that it will hold the necessary funds to satisfy the Settlement Amount on the Settlement Date.

A Participant may cancel or amend an Order prior to its becoming the subject of a Market Transaction by contacting the Market Official, who will update the Orderbook in accordance with the instructions given by that Participant or by modifying the Order on the Website.

A Participant shall, if requested to do so by t2e, demonstrate to t2e's satisfaction its compliance with its obligations under this Rule [EE.2.1.4](#)

EE.2.1.5 The Participant shall not provide or withhold any information to the Market Official which might mislead any user of the service provided by t2e as to the true position of the market in question.

EE.2.1.6 On contacting a Market Official the Participant in question shall identify himself and provide details of his identity and password and such other information as the t2e Market Official requests in accordance with Rule [EE.2.3](#). All telephone conversations between Market Officials and Participants relating to a t2e Contract shall be recorded as specified in Rule [EE.2.3.3](#).

Users of the Website shall, both initially and each time an Order is placed, be required to provide their user name and passcode as provided on the document "Passcode for trading on The Environment Exchange" that is received when applicants are initially permitted to trade interactively. This may be either modified or saved on a Participant's personal computer.

Thereafter users shall provide their user name and password each time the Website is accessed.

EE.2.1.7 For the avoidance of doubt, t2e confirms that it will not take any position on its own account in relation to any Environmental Commodity tradable by way of the t2e Market.

EE.2.1.8 Access to the Marketplace Services of the t2e Market is provided exclusively to Participants. The t2e Market will be provided between the hours of 10.00 am and 4.00 pm on each Trading Day or such other times as t2e gives notice of in writing to Participants generally or in relation to a specific day or days.

EE.2.2 Trading of Environmental Commodities

EE.2.2.1 t2e provides Marketplace Services to facilitate trading in Environmental Commodities.

EE.2.2.2 The Contract Specifications for the trading of specific Environmental Commodities and all rules and procedures relating specifically to trading and settlement of such Environmental Commodities are set out in the [Part EE.2](#) and [Part EE.3](#). When creating Contract Specifications, t2e may designate the market in question as a Time Limited Market and in that context, may designate the dates by which contracts in Environmental Commodities in the market in question must be concluded.

EE.2.2.3 Certain of t2e's procedures for the trading of Environmental Commodities vary according to the Environmental Commodity concerned. These procedures are set out in relation to each such Environmental Commodity in the appropriate part of [Part EE.3](#). t2e may permit new terms to apply to the trading of any Environmental Commodity, otherwise than in the circumstances prescribed in its procedures applicable to the Environmental Commodity in question, provided that it is satisfied that such action should be taken in the interests of the market in question.

EE.2.2.4 t2e may decide at any time to cease to facilitate trading in one or more Environmental Commodities if it is satisfied that the requirements of a proper market in such Environmental Commodities are no longer satisfied or any other circumstances exist which it considers require such action.

EE.2.2.5 When admitting trading in a new Environmental Commodity, t2e shall give notice to Participants of the date on which trading in such Environmental Commodities will commence and other relevant information.

EE.2.2.6. t2e will publish the Contract Specification for the new Environmental Commodity prior to the start of trading in such Environmental Commodities.

EE.2.2.7 On entering into a Market Transaction in an Environmental Commodity, Participants are free to determine the price and volume and Expiry Date. All other terms of the Market Transaction will be those prescribed in this [Part EE.2](#) and the relevant Contract Specification in [Part EE.3](#) for the Environmental Commodity in question.

EE.2.3 t2e Orders

EE.2.3.1 Where a Participant has placed an Order with t2e to buy or to sell an Environmental Commodity, t2e will enter such Order in the Orderbook. The Participant in question thereby bids to buy or offers to sell (as the case may be) the specified Environmental Commodities at the displayed price. Such bid or offer remains open for acceptance unless and until it is accepted by any such party or is modified or cancelled by t2e on the instructions given by the party which placed the Order or it expires on its Expiry Date.

EE.2.3.2 On placing, cancelling or modifying an Order relating to an Environmental Commodity a Participant shall, if requested, provide the Participant's personal and any supplementary identification requested and (as necessary) provide the following information to t2e:

- (i) the Environmental Commodities to which the Order relates;
- (ii) whether its Order is to buy or to sell;
- (iii) the price for the Order;
- (iv) the Order's volume;
- (v) in the case of an Order relating to a Forward Contract, the Expiration Month and Year;
- (vi) the Account to which the transaction, if executed, is to be allocated;
- (vii) if applicable, the identification of the Eligible Participant for whom the Order has been placed by a Representative; and
- (viii) the Expiry Date of the Order.

These details will be confirmed to the Participant in the form of an Order Confirmation Notice on the day the Order is placed. In the event that the Transaction Time and Date coincides with the day the Order is placed, only a Transaction Confirmation Notice (see Rule [EE.2.3.6](#)) will be sent to the Counterparties, and no Order Confirmation Notice will be sent.

t2e will record all such information and publish it as an Order on the Website. The published information will not disclose the identity of the Participant behind a particular Order. Where an Order is entered in the

Orderbook, the Order shall remain in the Orderbook until it is accepted, cancelled by the Participant or t2e in accordance with these Rules or reaches its Expiry Date.

- EE.2.3.3 Participants shall place Orders by telephone to t2e using the dedicated telephone line (0870 607 1354) or such other number as shall be indicated by t2e for such purposes or by registering their Order using the facility provided by the Website where available. To ensure that a reliable record of all Orders given to Market Officials is maintained all telephone conversations using the dedicated telephone line are recorded. In the event of any dispute arising in connection with any oral Order, the record of the telephone conversation shall be referred to as the primary record of fact.
- EE.2.3.4 Orders placed in accordance with Rules [EE.2.3.1](#) and [EE.2.3.3](#) may be accepted by Participants. Where a Participant wishes to enter a matching Order with a view to executing a Market Transaction, it shall contact the Market Official by dedicated telephone line (0844 800 9943) or such other number or means as shall be indicated by t2e for such purposes and shall instruct the Market Official to enter acceptance of the Order on its behalf or by accepting an Order using the facility provided by the Website where available. Where an Order is accepted in this way, t2e shall register the resulting Market Transaction in the Accounts of the parties to the transaction in accordance with Rule [EE.2.9](#).
- EE.2.3.5 In all discussions with Participants, t2e shall, unless otherwise specified in Part 3 of the Rules, preserve the anonymity of the Participant in question. Accordingly, in arranging a Market Transaction on behalf of a Participant, the Market Official will not disclose to such Participant the identity of the Counterparty to the contract. Such anonymity will be preserved by t2e at all times PROVIDED ALWAYS that if the Participant fails to perform its Settlement obligations in respect of a Market Transaction, t2e may disclose the identity of the Participant in question to its Counterparty to such Transaction to enable such Counterparty to take such action as it may consider appropriate in the circumstances.
- EE.2.3.6 A Transaction Confirmation Notice which confirms the details of a Market Transaction executed through t2e will be sent by fax and, if requested, by email to the Participants in question by t2e as soon as reasonably practicable and no later than within 1 hour of close of trade on the Transaction Date or at such time as shall be specified by t2e in the event of an extension of the Trading Day.
- EE.2.3.7 Orders relating to Environmental Commodities may normally be placed or modified by contacting Market Officials or online using the Website during the hours in which t2e is open for trading the Environmental Commodity in question. In extraordinary circumstances t2e may extend or curtail such hours. t2e will use its best endeavours to secure the availability of such services during the normal trading hours for each Environmental Commodity indicated in the respective Contract Specification.

EE.2.4 Ranking and Priority of Orders

- EE.2.4.1 The priority of Orders in the Orderbook will be determined by reference to the prices of the Orders. Where two Orders are placed at the same price, the first in time shall have priority. An Order which is in the Orderbook will be a firm order which will be available to be traded on without further reference to the Participant which placed such Order. The Participant shall be bound by any Market Transaction which is executed by a Market Official or directly by the Participant using the online trading facility provided by the Website against an Order placed by it or on its behalf in the Orderbook.

Any modification of a Stored Order involving its price, an increase in the volume of an Order or an extension of the Expiry Date is treated as the cancellation of the original Order and the substitution of a new Order. The time priority of such Order shall be determined by reference to the time at which the amended Order is entered in the Orderbook.

Where the modification of a Stored Order involves only a reduction in its volume or shortening of its Expiry Date, the ranking of the original Order is not affected.

- EE.2.4.2 Where an Order is placed by a Participant in accordance with these Rules which meets the terms of a Stored Order, a Market Transaction shall be executed. Where an Order is placed in accordance with these Rules which does not meet the terms of a Stored Order, it shall be stored, ranked or cancelled in accordance with its terms.

Stored Orders may be cancelled or modified by the Participant in question giving instructions to t2e at any time before the Order has been executed. A Stored Order will remain valid and effective unless and until an instruction to cancel or vary it given by the Participant which placed the Order takes effect or it expires.

EE.2.5 Position Limits

- EE.2.5.1 t2e may set Position Limits prescribing the maximum number of Registered Contracts in respect of a particular Environmental Commodity or generally which may be held by a Participant at any time.

t2e may in addition set Position Limits prescribing the maximum number of Registered Contracts in respect of a particular Environmental Commodity or generally which may be held at a particular time by a Representative:

- (i) in relation to positions registered in a particular Designated Representative Account; or

- (ii) in relation to the aggregate of the positions in Designated Representative Accounts operated by the Representative in question.

The exercise of t2e's powers under this Rule [EE.2.5.1](#) shall not detract from the right of a Representative to set any limit on the number of positions which may be entered into by any Eligible Participant for whom it acts.

Where t2e sets any Position Limit pursuant to this Rule [EE.2.5.1](#), the maximum number of positions which may be registered in any Designated Representative Account in respect of which Position Limits have been set shall be whichever is the lower of the level set pursuant to this Rule and the level specified by the Representative relative to the Designated Representative Account in question.

- EE.2.5.2 Position Limits may be set by t2e pursuant to this Rule [EE.2.5](#) in the interests of maintaining a proper market in the Environmental Commodity in question.
- EE.2.5.3 t2e will notify Participants in writing of the setting of Position Limits in relation to an Instrument or of any variation in existing Position Limits. Such notice will normally be given not less than three Trading Days for the Environmental Commodity in question before the Position Limits come into effect.
- EE.2.5.4 A Participant shall not enter into any Market Transaction if such transaction would result in Position Limits applicable to the Environmental Commodity in question being breached by the Participant. A Participant shall take such action as t2e may direct in order to rectify any such breach of a Position Limit.
- EE.2.5.5 A Participant which has breached a Position Limit imposed by t2e will be subject to disciplinary action in accordance with Rule [EE.1.8](#). Furthermore t2e shall have the right to cancel all trades in excess of a specified Position Limit.

EE.2.6 Market Confidentiality

- EE.2.6.1 As between Participants, trading in Environmental Commodities carried out by way of t2e's trading facilities is conducted on an anonymous basis. Participants must not disclose details of any Market Transaction and in particular will not (save as required by these Rules or by law) disclose the identity of issuers or recipients of Environmental Commodities to any other person nor use any such information other than for the purposes of trading at t2e in accordance with the principles laid down in these Rules.
- EE.2.6.2 When Orders and Market Transactions are organised by t2e (either through Market Officials or through the Website) all information regarding the identity of a Participant which is a Counterparty to such Market Transaction shall be treated as strictly confidential. Similarly the identity of the Participant which is behind an Order relating to an Environmental Commodity shall not be disclosed by t2e to any other Participants.
- EE.2.6.3 Following Registration of an Instrument, t2e will continue to preserve the anonymity of the Buying Counterparty and the Selling Counterparty. To this end the respective settlement obligations of each Counterparty will be administered through t2e in the manner provided for in these Rules rather than being performed directly between the Buying Counterparty and the Selling Counterparty.

This Rule shall not prevent t2e from disclosing any information concerning a Market Transaction or the identities of the Counterparties to a Market Transaction:

- (i) to any of the parties specified in Rule [EE.1.2.15](#);
- (ii) to any party where such disclosure is required pursuant to a court order, judgement or equivalent or to any direction given by the Agencies;
- (iii) to disclose the identity of a Registered Counterparty which has failed to perform its obligations in relation to a Market Transaction to the Counterparty; or
- (iv) in circumstances where such disclosure is otherwise made pursuant to these Rules (including but not limited to the circumstances set out in Rule [EE.2.3.5](#)).

- EE.2.6.4 A Representative shall, at the time it places an Order, confirm the identity of the Eligible Participant for whom the Representative acts in relation to the relevant Market Transactions (see also [EE.1.5](#)).
- EE.2.6.5 This Rule shall not apply in respect of the Market in any Environmental Commodity to the extent specified in Part 3 of these Rules.

EE.2.7 Market Supervision and Information

- EE.2.7.1 t2e supervises trading, price building, settlement and delivery in Environmental Commodities traded by means of its facilities and the general activity of Participants with a view to ensuring that trading at t2e is conducted properly and in accordance with these Rules.
- EE.2.7.2 A Participant shall not act whether in isolation or in concert with one or more Participants or with members of other markets on which any Environmental Commodity is traded or with any other party in such a way as would tend to distort the market in any Environmental Commodity.

- EE.2.7.3 Without limiting the generality of this Rule, a Participant shall not:
- (i) distribute any inaccurate or misleading information which might affect the price of any Environmental Commodity;
 - (ii) place any Order or report any Transaction for Registration pursuant to these Rules with a view to distorting the market; or
 - (iii) place any Order or enter into any Transaction other than for bona fide trading purposes.
- EE.2.7.4 A Participant which acts in breach of these Rules shall be subject to disciplinary action in accordance with Rule [EE.1.8](#). Participants shall co-operate fully with t2e in investigating any conduct which allegedly contravenes this Rule.
- EE.2.7.5 For the avoidance of doubt, a Participant shall not be considered to have acted in breach of this Rule [EE.2.7](#) if it can satisfy t2e that in placing an Order or executing a Market Transaction it was acting for bona fide trading purposes relative to the Environmental Commodity in question.
- EE.2.7.6 A Participant must, at the point at which it makes a public statement, notify t2e of any information which it has in relation to its own business which could affect Participants, t2e or the t2e Market in general. Any notification by a Participant to t2e pursuant to this Rule shall be in the form set out in Appendix E(x) or such other form as near thereto as circumstances allow and to which t2e may agree.
- EE.2.8 Emergency Closure or Suspension of Trading**
- EE.2.8.1 Where t2e is satisfied that circumstances have arisen which prejudice the quality of any of its markets, t2e may, in accordance with Rule [EE.1.13.1](#), take such action as it, in its sole discretion, considers necessary. Such action may include the suspension of trading generally or in a particular Environmental Commodity. Where such action is taken, notice thereof and of the reasons giving rise to the action shall be given to Participants as soon as possible by the most appropriate method.
- In such circumstances the placement of Orders and the execution of Market Transactions will cease until further notice either generally or in relation to the Instruments in which trading has been suspended.
- EE.2.8.2 Circumstances which may give rise to action under Rule [EE.2.8.1](#) include technical or other problems which affect t2e's trading system, communication systems, information systems or Website.
- EE.2.8.3 Orders relating to Environmental Commodities which are stored in the Orderbook at the time at which trading in such Environmental Commodities is suspended will normally remain in the Orderbook but will not be capable of being executed until trading in such Environmental Commodities resumes. The Participant which gave such Order shall inform the Market Officials prior to such resumption of trading whether it wishes to confirm the Order or to withdraw it.
- EE.2.8.4 Normal trading shall be resumed following emergency closure or the suspension of trading in a particular Instrument as soon as t2e is satisfied that the circumstances permit. t2e shall announce the resumption of trading not less than ten minutes before the appointed time.
- EE.2.9 Registration**
- EE.2.9.1 t2e supervises the administration of the delivery and settlement of Market Transactions between the Buying Counterparty and the Selling Counterparty.
- EE.2.9.2 Where a Market Transaction has been concluded through the facilities provided by t2e, t2e will register the appropriate particulars as a Registered Contract between the Buying Counterparty and the Selling Counterparty.
- EE.2.9.3 Registration of a Market Transaction effected by means of t2e's facilities occurs immediately on the Market Transaction taking place.
- EE.2.9.5 Following Registration of a Market Transaction, t2e will publish details of such transaction including the type of Environmental Commodity traded, the price to be paid and the volume but will not publish the identities of the Registered Counterparties.
- EE.2.10 Deposits**
- EE.2.10.1 By the Deposit Due Date the Buying and Selling Counterparties shall (unless arrangements have been made for provision of a Bond) in every case where a Deposit is specified in the Contact Specification for the relevant contract, as an essential condition of the relevant contract, each deposit with t2e a cash sum of such amount as is specified in respect of that contract in the Contract Specification for contracts of that type in [Part EE.3](#). t2e shall normally collect the Deposit from the Buying Counterparty and the Selling Counterparty by way of Direct Debit operated by t2e for such purposes.
- EE.2.10.2 If, where a Deposit is required, the Deposit is not paid on the Deposit Due Date:-

- (a) a Market Official will confirm with the Counterparty in question that the Transaction Confirmation Notice was received;
- (b) any interest which would otherwise be due on the Deposit will be forfeited by the defaulting Participant; and
- (c) the Participant who has failed to lodge the relevant Deposit shall be entitled to remedy the failure by agreeing with the other Participant, through t2e, a revised Deposit Due Date. However, if the Deposit is not received by the fifth Trading Day following the Deposit Due Date or such other date as is agreed between the Participants, t2e will notify the Counterparty of that fact and the contract may, at the discretion of the non-defaulting Counterparty, be cancelled at any time prior to the Settlement Date and t2e shall be entitled to impose any sanction available to it under Rule [EE.1.8](#) in respect of failure by a Counterparty to perform any obligations incumbent on it pursuant to these Rules.

EE.2.10.3 Interest will accrue on any cash sum deposited by the Buying Counterparty or the Selling Counterparty pursuant to Rule [EE.2.10.1](#) at the rate specified for contracts in the Environmental Commodity in question in Part [E.E.3](#). This interest will be paid to the Buying Counterparty and Selling Counterparty as the case may be following successful completion of the contract.

Participants should note that the right to receive interest on any Deposit provided to t2e shall only arise if such deposit is paid to t2e on or before the time specified in the Transaction Confirmation Notice issued by t2e. Interest shall only be paid where the amount of interest due is in excess of £1. Interest will not be payable in respect of any period beyond the Settlement Date.

EE.2.10.4 Where the Selling Counterparty provides a Deposit and the Market Transaction subsequently completes, the Selling Counterparty shall be entitled to return of the said Deposit together with accrued interest (if such interest is in excess of £1).

Where the Buying Counterparty provides a Deposit, the Settlement Amount specified in the Transaction Confirmation Notice should give it credit for such Deposit. Where the Buying Counterparty pays the balance of the Settlement Amount specified in the Transaction Confirmation Notice to t2e on or before the time specified in such Notice, the Buying Counterparty shall be credited with a sum equivalent to the Deposit provided by the Buying Counterparty on Registration together with any interest accruing on such Deposit during the period in which it was held by t2e. t2e will forward any accrued interest to the Buying Counterparty (if such interest is in excess of £1).

EE.2.10.5 Payment by t2e of any Deposit or interest thereon shall be accompanied by a Remittance Advice or Credit Note.

EE.2.10.6 t2e may make arrangements with Participants for the provision of a Bond. Any such arrangement must be on terms satisfactory to t2e and at all times the sum lodged with t2e in support of the Participant's obligations must be equal to or greater than 10% of that Participant's then maximum liability under all Registered Contracts and in respect of any unresolved disputes. Interest will accrue on any cash lodged in support of a Bond at a rate specified for contracts in the Environmental Commodity in Part E.E.3. This interest will be made to the Buying Counterparty and Selling Counterparty as the case may be following release of the Bond.

EE.2.11 Settlement and Delivery Generally

EE.2.11.1 A Participant shall settle all obligations relating to Registered Contracts in its Account at the times and in the manner specified in these Rules applicable to the Environmental Commodity in question and the instructions given by t2e in relation thereto.

EE.2.11.2 The discharge of all obligations relating to the settlement of Registered Contracts will be administered by and through t2e. t2e will issue instructions to the Buying Counterparty and to the Selling Counterparty as specified in these Rules confirming the obligations of the Registered Counterparty in question regarding the settlement of the relevant Market Transaction. In particular t2e shall use all reasonable endeavours to procure the delivery by the Selling Counterparty of the requisite number of Instruments or evidence of collection of the requisite amount of any other Environmental Commodity to the Buying Counterparty and payment by the Buying Counterparty of the Settlement Amount.

t2e's role in this respect is administrative only. t2e does not provide any guarantee as to the performance of the respective obligations of a Registered Counterparty and is not liable to any such party for the failure by a Registered Counterparty to fulfil any of its obligations relating to a Registered Contract other than where the following conditions apply to a given Market Transaction:-

- (a) Where the Selling Counterparty delivers the Instruments or evidence of collection of the requisite amount of any other Environmental Commodity to t2e at the time specified in the Transaction Confirmation Notice for such Market Transaction, t2e shall be obliged to deliver the said Instruments or evidence of collection of the requisite amount of any other Environmental Commodity to the Buying Counterparty on the Delivery Date against payment by it of the Settlement Amount for the Contract in question;

- (b) Similarly, if the Buying Counterparty pays the Settlement Amount to t2e at the time specified in the Transaction Confirmation Notice for such Market Transaction, t2e shall be obliged to pay the Contract Proceeds to the Selling Counterparty on the Settlement Date against delivery by the Selling Counterparty of the Instruments or evidence of collection of the requisite amount of any other Environmental Commodity specified in the Transaction Confirmation Notice for the contract in question.

EE.2.11.3 t2e shall review each Instrument evidence of collection of the requisite amount of any other Environmental Commodity lodged by the Selling Counterparty for the purpose of confirming that either (a) on the face of the Instrument it is for the correct number and type of Instruments and has been correctly completed and shall inform it forthwith if there appears to be any discrepancy in the said documents; and (b) in the case of evidence of collection of the requisite amount of any other Environmental Commodity, that the correct amount and type of that Environmental Commodity has been loaded. For the avoidance of doubt, t2e cannot, from a physical examination of an Instrument or evidence alone, determine whether an Instrument has been issued fraudulently or not or that the correct amount and type (or the quality) of any other form of Environmental Commodity has been delivered by the Seller.

EE.2.11.4 In connection with the performance of its obligations relating to the Settlement and delivery of Registered Contracts, a Participant shall:-

- (i) make arrangements to enable its settlement and payment obligations to t2e to be performed by way of a BACS Transfer by completing the t2e Direct Debit Mandate in the form at [Appendix C](#) to these Rules or in such other manner as t2e shall agree; and
- (ii) complete the necessary administrative procedures specified by t2e concerning the performance of delivery obligations appropriate to its activities at t2e.

EE.2.11.5 t2e may defer its Settlement procedures for Forward Contracts if circumstances occur which prevent Settlement being effected at the normal time. t2e shall inform Participants at the earliest opportunity prior to the Settlement Date if any such circumstances occur.

EE.2.12 Settlement: Procedure

EE.2.12.1 Payment of the Settlement Amount in respect of a Registered Contract will be effected by simultaneous debiting from the Buying Counterparty's account and crediting to the Settlement Account by 12.00 noon on the Settlement Date, the Remittance Date or as otherwise agreed prior to the Settlement Date.

EE.2.12.2 t2e will deduct any trading fee payable to t2e from the Settlement Amount which it collects from the Buying Counterparty in accordance with these Rules prior to despatch of the Contract Proceeds to the Seller.

Before 5.00 p.m. on the Delivery Day for a Registered Contract, t2e shall transfer the Contract Proceeds to the Designated Bank Account of the Selling Counterparty. t2e will not transfer such Contract Proceeds unless and until it has received the valid Instruments or evidence of collection of the required amount of any other Environmental Commodity which the Selling Counterparty intends to deliver in performance of its obligations under the Registered Contract in question and cleared funds from the Buying Counterparty.

EE.2.12.3 On receipt of the Settlement Amount in cleared funds, t2e shall where appropriate arrange for the Instruments which are due to be delivered to the Buying Counterparty to be sent to it by Royal Mail special delivery, or similar service, at the address given by the Buying Counterparty on its Application Form as amended from time to time in accordance with Rule [EE.1.2.9](#) or, where applicable, to be credited to the relevant electronic account of the Buying Counterparty maintained by or on behalf of the Agencies. If cleared funds have not been received by t2e by 12.00 noon on the Settlement Date or such other date as agreed between the parties, t2e cannot guarantee that funds and Instruments which are due to be delivered will be received by the Counterparties by 12.00 noon on the day following Delivery Date.

All documents which are required to be delivered by post or by hand to t2e in accordance with these Rules shall be sent to The Environment Exchange, 8 Albany Street, Edinburgh EH1 3QB or such other address as t2e may notify for the purpose from time to time, and in the case of deliveries by post, shall be despatched by Royal Mail's Special Delivery or similar service.

EE.2.12.4 t2e shall have no liability in respect of any failure of the postal or other delivery system to deliver any items to Participants.

EE.2.12.5 The Buying Counterparty is obliged to check all Instruments and/or other Environmental Commodities delivered and the Selling Counterparty is obliged to check the Contract Proceeds paid pursuant to a Registered Contract and must notify t2e within 24 hours of Delivery or payment respectively or otherwise as provided in Part EE.3 of any failure by the relevant Instrument or the Contract Proceeds to comply with the terms of the relevant Market Transaction. t2e shall have no responsibility to remedy any such failure or administer its remedy by the relevant Counterparty if such notification is not received within said 24 hour period.

EE.2.13 Settlement for Buying Counterparty: Spot Contracts

EE.2.13.1 t2e shall in accordance with Rule [EE.2.3.6](#) issue by fax a Transaction Confirmation Notice to the Buying Counterparty to a Spot Contract no later than one hour after the market closes on the Transaction Date of the Contract in question.

The Transaction Confirmation Notice shall specify the Settlement Amount payable by the Buying Counterparty under such Contract and the date it is due for payment.

EE.2.13.2 The Buying Counterparty shall ensure that the Settlement Amount is transferred timeously to t2e in accordance with the settlement procedures set out in [EE.2.12.1](#).

EE.2.14 Delivery Procedures for Selling Counterparty : Spot Contracts

EE.2.14.1 The obligations of the Selling Counterparty in relation to Delivery under a Spot Contract shall be discharged in the manner provided for in this Rule [EE.2.14](#).

EE.2.14.2 t2e shall in accordance with Rule [EE.2.3.6](#) issue by fax a Transaction Confirmation Notice to the Selling Counterparty to a Spot Contract no later than one hour after the market closes on the Transaction Date of the Contract in question. The Transaction Confirmation Notice shall specify the amount of Environmental Commodities to be delivered by the Selling Counterparty under such Contract.

Subject to any specific provisions for collection or delivery set out in Part EE.3 the Selling Counterparty under such Registered Contract shall inform the Market Official as to the arrangements to be made in relation to the delivery or collection of the Environmental Commodities in question and shall, no later than the time specified in the Contract Specification for Environmental Commodities of the kind in question, forward to t2e by fax or email a copy of the Instrument(s) which it intends to deliver in performance of its obligations under the relevant Market Transaction. Should the Selling Counterparty fail to send this fax to t2e and this results in the Instrument being returned by t2e to the Selling Counterparty for rectification the Selling Counterparty shall pay to t2e on each occasion that the Instrument is required to be returned the fee specified in [Part EE.3](#) in respect of the Instrument in question.

Where in terms of the Contract Specification an Instrument requires to be completed by the Selling Counterparty with any relevant details, no later than 5.00 pm on the date on which t2e receives from the Buying Counterparty the Settlement Amount in cleared funds, t2e shall issue to the Selling Counterparty the Seller's Settlement Advice Fax. The Seller's Settlement Advice Fax will notify the seller that cleared funds have been received and request that the Instrument is sent on the following Trading Day to t2e. It will also state any relevant particulars to be inserted in the Instrument.

The Selling Counterparty shall post by Royal Mail's Special Delivery or similar service to t2e, or otherwise deliver in accordance with t2e's instructions and/or the Contract Specification, the required number of Instruments which match the particulars specified in the Transaction Confirmation Notice no later than 12.00 noon on the Trading Day following the day on which t2e has issued the Seller's Settlement Advice Fax. Where Instruments are duly delivered to t2e, t2e shall (if requested) acknowledge receipt of the Instruments submitted by the Selling Counterparty on or before 12.00 noon on the Trading Day that the Instruments are received. If t2e has not received any Instruments which it was expecting by the specified time, it shall contact the Selling Counterparty to clarify the position.

EE.2.15 Settlement for Buying Counterparty: Forward Contracts

EE.2.15.1 On Expiration of a Forward Contract the Buying Counterparty shall pay the Settlement Amount to the Selling Counterparty determined in accordance with this Rule [EE.2.15](#).

EE.2.15.2 On the Warning Order Day, t2e shall issue by fax a Summary of Traded Contracts in the form of [Appendix D \(ii\) \(c\)](#) to the Buying Counterparty which has traded the Instruments in question advising each such Participant of its obligation to make payments on the basis of its outstanding positions in Forward Contracts which are due to expire that month. On the Last Trading Day t2e shall issue a Contract Expiration Notice to the Buying Counterparty specifying the Settlement Amount due.

EE.2.15.3 All obligations to make cash payments on Settlement of Forward Contracts shall be effected by way of the Direct Debit or other arrangements established with t2e in accordance with t2e instructions. t2e will issue Transaction Confirmation Notices showing the sum due to or payable by the Participant and the latest time by which such payment must be made. In the absence of manifest error, t2e's Transaction Confirmation Notices shall be final and binding.

EE.2.15.4 The Buying Counterparty shall ensure that the Settlement Amount is transferred timeously to t2e in accordance with the settlement procedures set out in this Rule [EE.2.15](#).

By 12.00 noon on the Settlement Date the Buying Counterparty to a Forward Contract shall remit the Settlement Amount to the Settlement Account.

If the Buying Counterparty for a Forward Contract is paying by cheque, the cheque shall be submitted to t2e by 12.00 noon on the Expiration Date.

If the Buying Counterparty for a Forward Contract is paying by Direct Debit, then payment will be debited simultaneously from the Buying Counterparty's account and credited to the t2e Settlement Account by 12:00 noon on the Settlement Date.

EE.2.15.5 If the Buying Counterparty fails to transfer the Settlement Amount timeously, its right to the return of the Cash Deposit provided by it in relation to the Contract in question on the due date may, unless previously agreed otherwise by the Counterparty, be modified in the manner provided by [EE.2.20](#).

EE.2.15.6 If for any reason a Participant fails to pay any sum due on Settlement at the due date in the Transaction Confirmation Notice, such Participant's right to receive interest on the sum deposited with t2e in relation to the Contract in question shall be forfeited.

EE.2.16 Delivery Procedures for Selling Counterparty: Forward Contracts

EE.2.16.1 The obligations of the Selling Counterparty on Settlement of a Forward regarding the delivery of the required number of Instruments or amount of any other Environmental Commodity for the Forward Contract in question shall be discharged in the manner provided for in this Rule [EE.2.16](#).

EE.2.16.2 On the Warning Order Day, t2e shall issue by fax a Summary of Traded Contracts to any Participant which has entered into the Registered Contract in question advising each such Participant of its obligation to deliver and to make payments forward on the basis of its outstanding positions in Forward Contracts which are due to expire in that month.

EE.2.16.3 t2e shall issue a Contract Expiration Notice to the Selling Counterparty specifying the amount of any Environmental Commodity to be delivered by such party by fax by t2e no later than one hour after the close of the market on the Last Trading Day for the Forward Contract.

The Selling Counterparty under a Forward Contract shall inform the Market Official as to the arrangements to be made in relation to the delivery or collection of the Environmental Commodity in question and shall, where so specified in the Contract Specification, no later than the time specified in the Contract Specification for Instruments of the kind in question, forward to t2e by fax or email a copy of the Instruments which it intends to deliver in performance of its obligations under the Instrument Forward Contract in question. Should the Selling Counterparty fail to send this fax to t2e and this results in the Instrument being returned by t2e to the Selling Counterparty for rectification the Selling Counterparty shall pay to t2e on each occasion that the Instrument is required to be returned the fee specified in [Part EE.3](#) in respect of the Instrument in question.

Where in terms of the Contract Specification the Instrument requires to be completed by the Selling Counterparty with any relevant details, no later than 5.00 p.m. on the date on which t2e receives from the Buying Counterparty the Settlement Amount in cleared funds t2e shall issue to the Selling Counterparty the Seller's Settlement Advice Fax. The Seller's Settlement Advice Fax will notify the Seller that cleared funds have been received and request that the Instrument is sent on the following Trading Day to t2e. It will also state any relevant particulars to be inserted in the Instrument.

The Selling Counterparty shall post to t2e by Royal Mail Special Delivery or similar service, or otherwise deliver in accordance with t2e's instructions or the Contract Specification, the required number of Instruments which match the particulars specified in the Transaction Confirmation Notice and the Seller's Settlement Advice Fax no later than 12.00 noon on the Trading Day following the Day on which t2e has issued the Seller's Settlement Advice Fax.

Unless otherwise specified in the Contract Specification, the Selling Counterparty shall deliver the Instruments in the amount specified in the Transaction Confirmation Notice to t2e no later than 12.00 noon on the following Delivery Day for the Contract in question. Where Instruments of various denominations are due to be delivered in accordance with the Transaction Confirmation Notice, these may not be aggregated and must correspond to the individually specified amounts in the Contract Expiration Notice.

t2e shall (if requested) acknowledge receipt of Instruments delivered to it by the Selling Counterparty in accordance with this Rule promptly in writing.

If the Selling Counterparty fails to deliver the required Instruments or other amount of Environmental Commodity to t2e by such time, its right to the return of the Cash Deposit provided by it in relation to the Registered Contract in question may be modified as follows. For each Trading Day or part thereof on which the Selling Counterparty's obligations remain unfulfilled, the amount of the deposit repayable to such Selling Counterparty shall be reduced in the manner provided by [EE.2.20](#). Interest accrued on the Deposit may also be forfeited.

EE.2.16.4 t2e may require at any time a Participant which has an open position in any Forward Contract(s) to provide such information as t2e may in its sole discretion require to enable it to satisfy itself that the Participant will be able to fulfil its obligations on Settlement of such Contracts.

The information which t2e may require under this Rule shall include but not be limited to:

- (i) whether the Participant is in possession of the required reprocessing capacity or amount of Environmental Commodity to cover its delivery obligations;
- (ii) to the extent that it is not in possession of that Environmental Commodity, the arrangement it intends to make to secure such Instruments as may be required; and
- (iii) any changes in information previously given to t2e.

EE.2.16.5 t2e will hold Instruments delivered to it by the Selling Counterparty in performance of its obligations on Settlement of a Forward Contract on behalf of the Selling Counterparty until they are delivered to the Buying Counterparty on the Settlement Date against payment by the Buying Counterparty of the Settlement Amount.

EE.2.17 Default: Failure to Perform Delivery/Settlement Obligations: General

EE.2.17.1 If the Selling Counterparty fails to perform any of its obligations in accordance with these Rules, t2e may:

- (i) order the Selling Counterparty to pay compensation to the Buying Counterparty in such amount as t2e in its absolute discretion determines having regard to the loss suffered by the Buying Counterparty; and/or
- (ii) order the Selling Counterparty to pay to the Buying Counterparty such sum as t2e certifies as the cost reasonably incurred by the Buying Counterparty in taking action to purchase Environmental Commodities in an amount corresponding to that which the Selling Counterparty was obliged to deliver to the Buying Counterparty under the Registered Contract/s in question; and/or
- (iii) impose a fee in an amount not exceeding twice the value of the Registered Contract in question as t2e considers in its absolute discretion to be appropriate in the circumstances.

EE.2.17.2 If the Buying Counterparty fails to perform any of its obligations in accordance with these Rules, t2e may:

- (i) order such Buying Counterparty to pay compensation to the Selling Counterparty in such amount as t2e in its absolute discretion determines having regard to the loss suffered by the Selling Counterparty; and/or
- (ii) order such Buying Counterparty to pay to the Selling Counterparty such sum as t2e certifies as the loss incurred by the Selling Counterparty as a result of the failure by the Buying Counterparty to perform its obligations; and/or
- (iii) impose a fee in an amount not exceeding twice the value of the Registered Contract in question as t2e considers in its absolute discretion to be appropriate in the circumstances.

EE.2.17.3 For the avoidance of doubt, where a Participant is in Default, and (with the consent of the defaulting Participant and the non-defaulting Participant) t2e is managing the dispute, t2e's involvement shall have no effect on the rights of the non-defaulting Participant.

EE.2.17.4 For the avoidance of doubt as regards late settlement/delivery the default procedures in this Rule [EE.2.17](#) will only apply once a Certificate of Failed Settlement/Delivery has been issued by t2e.

EE.2.18 Late Settlement Procedures: General

EE.2.18.1 Without prejudice to any other remedies available to either t2e or the Selling Counterparty in terms of the Contract or otherwise under these Rules, if the Buying Counterparty fails to make payment of the Settlement Amount to t2e by the time specified in Rule [EE.2.12.1](#) above, in circumstances in which the Selling Counterparty is in a position to perform its obligations under the relevant Registered Contract, t2e may require the Buying Counterparty to pay to the Selling Counterparty:-

- (i) interest at the statutory rate (as defined in the Late Payment of Commercial Debts (Interest) Act 1998 ("**the Late Payment Act**"), currently 8% above the official dealing rate from time to time of the Bank of England, from the due date of payment of the Contract Proceeds until the date on which cleared funds are received by t2e in the account specified in Rule [EE.2.12.1](#) or as otherwise agreed between t2e and the Buying Counterparty; and
- (ii) compensation at the rate specified in section 5A of the Late Payment Act.

All interest will be paid by t2e to the Counterparty who is not at fault.

EE.2.18.2 In addition to interest and compensation t2e may (without prejudice to any other rights available to it under Rule [EE.2.18.1](#) or [EE.2.18.2](#)) charge to the Participant in default the charge specified in [Part EE.3](#) for the issue to either Counterparty of a letter or fax (in the in the standard form at [Appendix E](#)) in the event of that Counterparty failing to perform its obligations under a PRN Market Contract ("**a Late Settlement Warning Fax**" or a "**Late Settlement Letter**").

For the avoidance of doubt the application of any of these sanctions by t2e shall not affect the right of a Participant to pursue any other remedy which may be available to it pursuant to the Market Transaction.

EE.2.18.3 Interest, compensation and charges for the issue of a Late Settlement Letter will be invoiced separately by t2e (with VAT where appropriate) and will be in addition to the Contract Proceeds. Interest and compensation will, to the extent that they relate to the Net Settlement Proceeds, be remitted to the Selling Counterparty, and otherwise will be retained by t2e. Any charge for the issue of a Late Settlement Letter will be retained by t2e.

EE.2.19 Late Settlement/Delivery Procedures: Spot Contracts

- EE.2.19.1 If by 12.00 noon on the Settlement Date the Settlement Amount is not received a Late Settlement Warning Fax will be sent by t2e to the Buying Counterparty.
- EE.2.19.2 If by 12.00 noon on the Delivery Day, the relevant PRNs are not delivered, a Late Delivery Warning Fax will be sent by t2e to the Selling Counterparty.
- EE.2.19.3 In either of the circumstances specified in [EE.2.19.1](#) or [EE.2.19.2](#), the Participant who has failed to perform shall be entitled to remedy that non-performance by agreeing through t2e a revised Settlement Date with the Participant who has completed his contractual obligations.
- EE.2.19.4 If the non-performing Participant has not agreed a revised Settlement procedure by the day after the Settlement Day, the following procedures, which culminate in the issue of a Certificate of Failed Settlement/Delivery, will apply:-

For these purposes the Settlement Date and the Delivery Day will be referred to as "SD"

- SD + 1 - Notification of non-performance to Counterparty who has performed
- Late Settlement Warning Fax sent to non-performing Counterparty
- SD + 2 - Notification of non-performance to Counterparty who has performed
- Late Settlement Warning Fax sent to non-performing Counterparty
- SD + 3 - Notification of non-performance to Counterparty who has performed
- Late Settlement Warning Fax sent to non-performing Counterparty
- SD + 4 - Notification of non-performance to Counterparty who has performed
- Late Settlement Warning Fax sent to non-performing Counterparty
- SD + 5 - Notification of non-performance to Counterparty who has performed
- Late Settlement Warning Fax sent to non-performing Counterparty
- SD + 6 - Participants informed by fax of failed settlement (Certificate of Failed Settlement/Delivery)
- Default procedures in [EE.2.17](#) apply

On the issue of a Certificate of Failed Delivery/Settlement, the obligation of t2e to pay the Contract Proceeds for the Market Transaction in question shall cease absolutely.

EE.2.20 Late Settlement/Delivery Procedures: Forward Contracts

- EE.2.20.1 If by 12.00 noon on the Settlement Day, the Settlement Amount is not received, a Late Settlement Warning Fax will be sent by t2e to the Buying Counterparty.
- EE.2.20.2 If by 12.00 noon on the Delivery Day, the relevant Instruments are not delivered, a Late Delivery Warning Fax will be sent by t2e to the Selling Counterparty.
- EE.2.20.3 In either of the circumstances specified in [EE.2.20.1](#) or [EE.2.20.2](#), the Participant who has failed to perform shall be entitled to remedy that non-performance by agreeing through t2e with the Counterparty a revised Settlement or Delivery Date. However, any interest will be lost on Deposits for the late payer.
- EE.2.20.4 If the non-performing Participant has not agreed with t2e a revised Settlement procedure by the Settlement Date, the following procedures, which culminate in the issue of a Certificate of Failed Settlement/Delivery, will apply:-

For these purposes the Settlement Date and the Delivery Day will be referred to as "SD"

- SD + 1 - Notification of the non-performance to Counterparty who has performed
- Late Settlement/Delivery Warning Fax sent to non-performing Counterparty
- Interest on Deposit forfeited; Secured for Participant who has not failed to perform
- 20% of Deposit of non-performing Participant forfeited
- SD + 2 - Position confirmed by fax to both parties
- Notification of non-performance to Counterparty who has performed
- Late Settlement/Delivery Warning Fax sent to non-performing Counterparty
- 40% of Deposit of non-performing Participant forfeited; Secured for Participant who has not failed to perform
- SD + 3 - Position confirmed by fax to both parties
- Notification of non-performance to Counterparty who has performed
- Late Settlement/Delivery Warning Fax sent to non-performing Counterparty
- 60% of Deposit of non-performing Participant forfeited; Secured for Participant who has not failed to perform
- SD + 4 - Position confirmed by fax to both parties
- Notification of non-performance to Counterparty who has performed

- Late Settlement/Delivery Warning Fax sent to non-performing Counterparty
 - 80% of Deposit of non-performing Participant forfeited; Secured for Participant who has not failed to perform
- SD + 5
- Position confirmed by fax to both parties
 - Notification of non-performance to Counterparty who has performed
 - Late Settlement/Delivery Warning Fax sent to non-performing Counterparty
 - 100% of Deposit of non-performing Participant forfeited; Secured for Participant who has not failed to perform
- SD + 6
- Participants informed of failed settlement (Certificate of Failed Settlement/Delivery)
 - Deposits and interest paid over to Participant who has not failed to perform
 - If both parties late, or fail to perform, payments made to t2e
 - Default procedures in [EE.2.17](#) apply

On the issue of a Certificate of Failed Settlement/Delivery, the obligation of t2e to pay the Contract Proceeds for the Market Transaction in question and to return the Deposit provided by the Selling Counterparty or the Buying Counterparty to such Participant (as appropriate) shall cease absolutely.

Upon issue of a Certificate of Failed Settlement/Delivery t2e shall pay a sum equivalent to the Deposit paid by the Counterparty in default together with any interest accruing on such Deposit during the period in which it was held by t2e to the other Counterparty and any obligation to return the Deposit to the Counterparty in default shall cease absolutely. The Counterparty not in default shall have no further rights or remedies against t2e in respect of the contract in question.

PART EE.3 MARKET SPECIFIC PROVISIONS

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EE.3.1 PRN Market

PRN Market – Specific Definitions

Unless the contrary intention appears, the following terms used in this Part have the meanings given below:-

“**Accepted**” in relation to an ePRN means an ePRN which has been accepted as correct by the Buying Counterparty;

“**Accredited Exporter**” means an organisation which is accredited by an Agency as an exporter of packaging for recycling or reprocessing outside the United Kingdom;

“**Accredited Reprocessor**” means an organisation involved in the reprocessing of packaging waste materials which is accredited by an Agency. For the purposes of these Rules, “**Accredited Reprocessor**” shall also mean an Accredited Exporter;

“**Aluminium PRN**” means a PRN relating to the reprocessing of aluminium or a PERN relating to the exporting of aluminium for reprocessing;

“**Awaiting Acceptance**” in relation to an ePRN means an ePRN which has been raised and authorised by the issuing reprocessor or exporter;

“**Awaiting Authorisation**” in relation to an ePRN means an ePRN which has been raised but not yet authorised by the issuing reprocessor or exporter;

“**Compliance Scheme**” means a scheme accredited as a compliance scheme for the purposes of the Regulations by an Agency;

“**Compliance Period**” means in relation to any Instrument which can validly be used as evidence of compliance only in respect of a particular period, the period for which the relevant Instrument can be validly used as evidence of compliance;

“**General Recycling PRN**” means, in the case of an Order placed by a Selling Counterparty, a PRN relating to the reprocessing or exporting for reprocessing of packaging materials other than aluminium, glass, paper, plastics, steel and wood; and in the case of an Order placed by a Buying Counterparty means all PRNs other than Recovery PRNs;

“**Glass PRN**” means a PRN relating to the reprocessing of glass or a PERN relating to the exporting for reprocessing of glass;

“**NPWD**” means the National Packaging Work Database maintained by the Environment Agency;

“**Obligated Company**” means a company which is required to demonstrate that it has complied with its obligations under the Regulations;

“**Packaging Export Recovery Note**” means the electronic evidence of compliance issued by an Accredited Exporter for the purpose of the Regulations (commonly known as an ePERN) and “**PERN**” shall be construed accordingly;

“**Packaging Recovery Note**” means the electronic evidence of compliance issued by an Accredited Reprocessor for the purpose of the Regulations (commonly, and in these Rules, known as an ePRN) that is required to be delivered by the seller to complete delivery of a PRN Market Contract. “**PRN**” and “**Note**” shall be construed accordingly. For the purpose of these Rules reference to PRNs shall be deemed to incorporate references to PERNs and ePERNs unless the context requires to the contrary;

“**Paper PRN**” means a PRN relating to the reprocessing of paper and/or fibreboard or a PERN relating to the exporting for reprocessing of paper and/or fibreboard;

“**Plastic PRN**” means a PRN relating to the reprocessing of plastic or exporting for reprocessing of plastic;

“**PRN Amendment Message**” means the email requesting the amendment of certain PRNs in the standard form at [Appendix E\(vii\)](#);

“**PRN Despatch Advice**” means the email confirmation of PRNs sent to the Buying Counterparty on Completion Date in the standard form at [Appendix E\(viii\)](#);

“**PRN Forward**” or “**PRN Forward Contract**” means a standardised Forward Contract for PRNs of the type described in the Contract Specification at Rule [EE.3.1.C.1](#) which is registered by t2e;

“**PRN Market**” means the market in PRN Contracts provided by t2e in accordance with these Rules;

“**PRN Market Contract**” means PRN Spot Contracts and/or PRN Forwards;

“**PRN Spot Contract**” means a standardised contract of the type for PRNs described in the Contract Specification at Rule [EE.3.1.B.1](#) which is registered by t2e;

“**PRN Market Transaction**” means a Market Transaction in the PRN Market;

“**Recovery PRN**” means a PRN relating to the recovery of energy from packaging waste or a PERN relating to the exporting of packaging waste for the recovery of energy;

“**Regulations**” means The Producer Responsibility Obligations (Packaging Waste) Regulations 2005 and any such equivalent regulations as shall be in force and which have the effect of amending or replacing the provisions of the 2005 Regulations;

“**Steel PRN**” means a PRN relating to the reprocessing of steel or a PERN relating to the exporting for reprocessing of steel;

“**Transitional PRNs**” means PRNs issued on material received for recycling or export during the December immediately prior to the Expiration of the PRN Forward Market which expires in January which can be used to achieve compliance in either the calendar year the material is received in or the subsequent one; and

“**Wood PRNs**” means a PRN relating to the reprocessing of a PERN relating to the exporting for reprocessing of wood.

EE.3.1.A.1 PRN Spot Contracts and PRN Forward Contracts – Introductory

EE.3.1.A.1.1 The Contract Specifications for PRN Market Contracts traded by t2e and all rules and procedures relating specifically to the trading and settlement of such Contracts are set out in this [Part EE.3](#) of the t2e Rulebook.

EE.3.1.A.1.2 The provisions set out in this [Part EE.3.1](#) have been adopted by t2e to govern the provision by it of specific trading facilities relating to PRN Spot Contracts, PRN Forward Contracts and the related deposit, delivery and settlement arrangements.

EE.3.1.A.1.3 See also Rules [EE.2.3](#) and [EE.2.4](#) for t2e’s rules relating to t2e’s obligations and responsibilities in relation to matching Orders and Rules [EE.2.9](#) to [EE.2.20](#) relating to Registration and Settlement of Market Transactions.

EE.3.1.A.1.4 Participants should note that Spot and Forward Contracts are available for trading at t2e based on the following PRNs:

- Aluminium PRNs
- Glass PRNs
- Paper PRNs
- Plastic PRNs
- Steel PRNs
- Wood PRNs
- General Recycling PRNs
- Recovery PRNs

The rights and obligations of Participants in relation to PRN Market Contracts shall be discharged in accordance with the Rules set out in [Part EE.2](#).

Participants should ensure on giving instructions regarding an Order in relation to a PRN that they identify correctly the type of PRN to which their Order relates. All General Recycling PRNs are recorded accordingly to the PRN used to satisfy the general requirement.

Participants placing an Order to buy General Recycling PRNs should note that the obligations of the seller of any such Order may be fulfilled by the delivery of one or more of the PRNs referred to above other than a Recovery PRN. Any resulting Market Transaction will be registered at the lowest price of the Orders stored in the Orderbook and will require the Seller to deliver to the Buyer the requisite number of PRNs of the type in question and where two or more Orders are placed at the same price, the Order placed at the earlier, or earliest, time will be fulfilled first.

Participants placing an Order to buy Recovery PRNs should note that such an Order may be matched against an Order concerning any type of PRN which is stored in the Orderbook at such time. Any resulting Market Transaction will be registered at the price of the lowest offer stored in the t2e Orderbook and will require the seller to deliver to the buyer the requisite number of PRNs of the type in question and where two or more Orders are placed at the same price, the Order placed at the earlier, or earliest, time will be fulfilled first.

EE.3.1.A.1.5 PRN Market Transactions are physically settled, and delivery of the required number of PRNs to the Buying Counterparty takes place, upon notification to the Buying Counterparty of the crediting of the required number of Awaiting Acceptance PRNs to the account at NPWD nominated by the Buying Counterparty against the payment by it of the Settlement Amount in accordance with these Rules and are completed when the Contract Proceeds are received by the Selling Counterparty and the Buying Counterparty is notified of the crediting of the nominated account with the required number of Awaiting Acceptance PRNs.

The obligations concerning the delivery of the PRNs on settlement of a PRN Forward or a PRN Spot Contract and the associated payment obligations and all questions arising therefrom are the sole responsibility of the Registered Counterparties to the Registered Contract in question.

EE.3.1.A.1.6 At any given time t2e will normally list PRN Forwards with Expiration Months in each of the next four Quarter Months.

EE.3.1.A.1.7 The Settlement Account for the purposes of PRN contracts is:-

Bank Name	Clydesdale Bank PLC
Sort Code	82-62-27
Account Name	The Environment Exchange Clearing Account
Account Number	70022939

EE.3.1.A.1.8 The PRN Market is a Time Limited Market.

EE.3.1.A.2 PRN Market – Participation Criteria

EE.3.1.A.2.1 A Participant which wishes to trade PRN Contracts shall be either:

- (i) an Accredited Exporter;
- (ii) an Accredited Reprocessor;
- (iii) a Compliance Scheme;
- (iv) an Obligated Company; or
- (v) a Representative of any of the above.

EE.3.1.A.3 PRN Delivery Procedures: Splitting and Completion of Instruments

EE.3.1.A.3.1 For the purposes of Rules [EE.2.14](#) and [EE.2.16](#) PRNs and PERNs are Instruments which require to be completed with relevant information prior to delivery to t2e for onward delivery to the Buying Counterparty.

EE.3.1.A.3.2 In relation to electronic PRNs, upon receipt of the Seller's Settlement Advice Fax the Seller shall complete the Awaiting Authorisation electronic PRN with the relevant contract number and other information instructed by t2e. Prior to authorising the PRN the Seller shall, no later than 12 noon on the next Trading Day after receipt of the Settlement Advice Fax, fax or email a copy of the Awaiting Acceptance PRN to t2e. t2e will, in accordance with Rule [EE.2.11.3](#), review the PRN. If either, (a) t2e indicates that the copy PRN is in order; or (b) t2e does not indicate otherwise within one Trading Day of receipt of the PRN the Seller may assume the PRN is in order and authorise the same. t2e will authorise payment on receipt of cleared funds from the Buyer and a fax or email of the Awaiting Acceptance PRN from the Seller.

EE.3.1.A.3.3 The Selling Counterparty shall be entitled to charge to the Buying Counterparty a document fee for each PRN issued of the amount specified in Rule [EE.3.1.D.1](#).

EE.3.1.A.3.4 Should the PRN(s) in the Selling Counterparty's possession be required to be split in order to match the number of tonnes of PRNs to be delivered in settlement of its obligations under the PRN Market Contract, the Selling Counterparty shall fax a copy of such PRN(s) to t2e no later than 12.00 noon on the Trading Day following the day on which t2e has issued a PRN Transaction Confirmation Notice. t2e will then contact the Buying Counterparty under such Registered Contract to inform him that the PRNs which are due to be delivered to him are required to be split and that the delivery timetable may need to be extended. t2e will liaise with the Buying Counterparty and Selling Counterparty to ensure that they are aware of the resultant timetable for their respective delivery and payment obligations.

PRNs which require to be split will be returned to the issuer for splitting via the relevant Agency. All costs charged by the Accredited Reprocessor as a result of the splitting of the PRNs will be for the account of the Selling Counterparty. t2e may deduct such costs from the sale proceeds.

EE.3.1.A.3.5 In each case where it is intended that a PRN is to be split or has been split, the charges as shown in Rule [EE.3.1.D](#) apply, and shall be payable by the Buyer.

EE.3.1.B.1 Contract Specification: PRN Spot Contracts

Type of Contract Standard Spot Contracts for the immediate sale and purchase of the PRN specified by the Counterparties with payment on the Settlement Day and delivery of PRNs on the Delivery Day.

Price Quotation £ per metric tonne

Minimum Price Movement £ 0.25 per metric tonne.

Minimum Contract Size One metric tonne.

Trading of PRN Spot Contracts Participants will be able to place orders in a Spot Contract for PRNs during the Trading Hours for such Contracts.

Delivery	Delivery of PRNs in the amount represented by the PRN Spot Contract against payment of the Settlement Amount represented by such Registered Contract in accordance with Rules EE.2.11 to EE.2.14 .
Deliverable Instrument	The PRNs specified in the Transaction Confirmation Notice relative to the Registered Contracts in question.
Settlement Date	The third Trading Day following the Transaction Date.
Delivery Day	24 hours after receipt of Settlement Advice Fax (sent on receipt of cleared funds on Settlement Date).
Settlement	Payment of the Settlement Amount against delivery of PRNs shall occur in accordance with t2e's instructions pursuant to Rules EE.2.11 to EE.2.14 .
Trading Hours	Normally between 10.00 a.m. and 4.00 p.m. Edinburgh time.
Market Start Date	1 December in the preceding calendar year to the compliance year
First Listing Day	Market Start date or if that is not a Trading Day then the next Trading Day.
Market End Date	31 January in the subsequent calendar year to the compliance year.
Last Trading Day	Market End date or if that is not a Trading Day the preceding Trading Day.
Trading Hours	Normally between 10.00 a.m. and 4.00 p.m. Edinburgh time on each Trading Day.

EE.3.1.B.2 Delivery Cycle: PRN Spot Contracts

EE.3.1.B.2.1 The following summarises the delivery timetable for PRN Spot Contracts:

T	Transaction Date – the date on which the Market Transaction is executed. Faxed confirmation of transaction issued by no later than 17:00
T+1	Date funds available for transfer to t2e.
T+3	Settlement Date Date cleared funds received at t2e. Settlement Advice Fax sent notifying the seller to fax or email the Awaiting Authorisation PRN by 1200 the following Trading Day, stating the name of the producer or compliance scheme to whom the PRN will be delivered and if PRN documentation incorrectly completed then issuer advised of necessary changes.
T+4	Delivery Day (Unless otherwise instructed by t2e) PRN received at t2e or, in the case of an electronic PRN, authorised and copy Awaiting Acceptance PRN faxed or emailed to t2e. End receiver notified of Awaiting Acceptance PRN in nominated NPWD account. Funds sent by BACS to Seller. Remittance advice faxed to seller.
T+7	Completion Day Date funds received by Selling Counterparty .

EE.3.1.C.1 Contract Specification: PRN Forwards

Type of Contract	Standard Forward Contracts with Delivery on the Settlement Date.
Price Quotation	£ per metric tonne.
Minimum Price Movement	£ 0.25 per metric tonne
Deposit	10% of the Transaction Consideration for the Forward Contract in question.
Minimum Contract Size	100 tonnes of recovered or recycled packaging waste.
Expiration Date	8th day of the Expiration Month of the Expiration Year.
Expiration Month	The month indicated in the Contract's designation.
Expiration Year	The year indicated in the Contract's designation.
Market End Date	Expiration Date
Last Trading Day	The day prior to Expiration Date or if that is not a Trading Day the previous Trading Day.

Trading of PRN Forwards	PRN Forwards will be quoted for trading by t2e in accordance with Rule EE.3.1.C.2 .
Market Start Date	Expiration date of the contract which expired with the same expiration month but in the previous expiration year.
First Listing Day	Market Start Date or if that is not a Trading Day the next Trading Day.
Delivery	A PRN Forward is settled by delivery of PRNs in the amount represented by the PRN Forward against payment of the Settlement Amount represented by such Contract in accordance with Rules EE.2.11 and EE.2.12 and EE.2.16 .
Deliverable Instrument	The PRNs specified in the Transaction Confirmation Notice issued by t2e relative to the Registered Contracts in question.
Settlement Date	The third Trading Day following the Expiration Date.
Delivery Day	24 hours after receipt of Settlement Advice Fax (sent on receipt of cleared funds on the Settlement Date).
Settlement	Payment of the Settlement Amount against delivery of PRNs shall occur in accordance with t2e's instructions pursuant to Rules EE.2.11 and EE.2.12 and Rules EE.2.15 and EE.2.16 .
Trading Hours	Normally between 10.00 a.m. and 4.00 p.m. Edinburgh time on each Trading Day.

EE.3.1.C.2 Trading of PRN Forwards

EE.3.1.C.2.1 t2e shall admit PRN Forwards to trading in accordance with the following provisions of this Rule [EE.3.1.C.2](#).

EE.3.1.C.2.2 The Expiration Month for a PRN Forward shall be designated by a three-letter code as follows:

Month	Code
April	APR
July	JUL
October	OCT
December	DEC
January	JAN

The Expiration Year for PRN Forwards shall be designated by a two-digit number appearing after the designation of the Expiration Month for the Contract. The number shall be the final two digits of the year in question.

EE.3.1.C.2.3 Accordingly on the first Trading Day following the last Trading Day for a PRN Forward Series, t2e will normally permit Participants to trade PRN Forwards having an Expiration Month in the same month in the following year.

t2e may depart from its normal arrangements for the trading of PRN Forwards if it considers that such action is appropriate in the circumstances. t2e will inform t2e Participants of any such eventuality.

EE.3.1.C.2.4 A PRN Forward which has its Expiration Date in January may have only Transitional PRNs used for Delivery. For the avoidance of doubt, the calendar year for a PRN used for delivery in a PRN Forward which has its Expiration Month in January shall be the immediately preceding year. For the avoidance of doubt a PRN Forward which has its Expiration Date in December may have any PRN for compliance in the calendar year in which the relevant December falls used for Delivery.

EE.3.1.C.3 DELIVERY CYCLE: PRN FORWARDS

EE.3.1.C.3.1 The following summarises, in terms of Trading Days, the transaction and delivery cycle for the PRN Forward Market:

T **Transaction Date** – date on which the Market Transaction is executed on the exchange. Faxed confirmation of the transaction will be issued by no later than 17:00

T+1 **Deposit Delivery Day** – Deposit (10%) funds available for transfer to t2e.

T+3 **Deposit Due Date**

Warning Order Day Summary of Traded Contracts faxed

Expiration Date Contract Expiration Notice issued by fax by no later than one hour after close for the Contract(s) in question

Expiration Date +1 Date on which balance of funds are available for transfer to t2e

Expiration Date +3 **Settlement Date** - date cleared funds received at t2e. Settlement Advice Fax sent notifying the Seller to fax or email the Awaiting Authorisation PRN by 12:00 the following Trading Day, stating the name of the producer or compliance scheme to whom the PRN will be delivered and if PRN documentation incorrectly completed then issuer advised of necessary changes.

Expiration Date + 4 **Delivery Date** - PRN received at t2e or, in the case of an electronic PRN, a copy of the Awaiting Acceptance PRN faxed or emailed to t2e. Buyer receives PRN dispatch advice. End receiver notified of Awaiting Acceptance PRN in nominated NPWD account. Funds sent by BACS to Selling Counterparty.

Remittance advice for returned for returned Deposits, Interest and Contract Proceeds sent by fax to Seller and returned interest, if appropriate, to Buying Counterparty.

Expiration Date + 7 **Completion Date** - Remittances received by both Buying and Selling Counterparties.

EE.3.1.D PRN Market Fees and Interest Rates

EE.3.1.D.1 The following fees will be payable in relation to the PRN Market:-

Rule	Nature of Fee	Amount
EE.1.3.4	Annual Participation Fee	£100.00
EE.1.7	Trading Fee: PRNs at £5 per tonne or above PRNs at less than £5 per tonne ¹	£0.50 per PRN tonne £0.25 per PRN tonne
EE.2.18.2	Issue of Late Settlement Warning Fax, Late Settlement Letter or Certificate of Failed Delivery	£25.00 per item
EE.3.1.A.3.4	Document Fee	£5.00 per PRN issued
EE.3.1.A.3.4	Splitting Fee in respect of each PRN to be split	£10.00
EE.3.1.A.3.4	Splitting Cancellation in the event of either the Buying Counterparty or the Selling Counterparty cancelling an instruction to split a PRN	£5.00
EE.3.1.A.3.4	t2e discretionary Splitting Fee	£10.00
EE.2.16.4	Rectification of PRN	£25.00

¹A minimum trading fee of £10.00 shall apply to trades in PRNs.

Participants should note that all splitting fees are exclusive of VAT which will be payable by the Buying Counterparty and the Selling Counterparty at the then applicable rate. t2e shall issue to the Participants as appropriate a valid receipted VAT invoice.

EE.3.1.D.2 The interest rates applicable to the PRN Market are as follows:-

Rule	Nature of Payment	Rate applicable
EE.2.10.3	Interest on Deposit	0.5% below Bank of England base rate

EE.3.2 WEN MARKET**WEN Market – Specific Definitions**

Unless the contrary intention appears, the following terms used in this Part have the meanings given below:-

“**AATF**” means an authorised treatment facility which is approved under regulation 47 of the Regulations;

“**AE**” means a person who, in the ordinary course of conduct of a trade, occupation or profession, exports WEEE for treatment, recovery and recycling outside the United Kingdom who is approved under regulation 47 of the Regulations;

“**Accepted WEN**” means a WEN which has been allocated a Unique Reference ID by the Settlement Centre;

“**Compliance Scheme**” or “**PCS**” means a scheme accredited as a producer compliance scheme for the purposes of the Regulations by an Agency;

“**Compliance Period**” means in relation to any Instrument which can validly be used as evidence of compliance only in respect of a particular period, the period for which the relevant Instrument can be validly used as evidence of compliance;

“**Designated Collection Facility**” or “**DCF**” means any establishment or undertaking carrying out WEEE collection operations and which is approved under regulation 55 of the Regulations;

“**Pre-Submission**” in relation to a WEN, means a WEN which has been prepared by the issuing AATF or AE but not yet submitted to the Settlement Centre for allocation of a Unique Reference ID;

“**Producer**” or “**Obligated Company**” means a company which is required to demonstrate that it has complied with its obligations under the Regulations;

“**Regulations**” means The Waste Electrical and Electronic Equipment Regulations 2006 and any such equivalent regulations as shall be in force and which have the effect of amending or replacing the provisions of the 2006 Regulations;

“**Settlement Centre**” means the WEEE Settlement Centre located at www.weee-sc.org.uk operated by Real Time Engineering Limited of Academy House, Academy Park, Gower Street, Glasgow or such other facility for the issue and trading of WENs as may be approved for the purposes of the Regulations from time to time;

“**Unique Reference ID**” means the unique reference number allocated to each WEN by the Settlement Centre;

“**WEEE**” means electrical and electronic equipment which is waste within the meaning of Article 1(a) of the Directive 2006/12/EC, including all components, subassemblies and consumables which are part of the product at the time of discarding;

“**WEN Market**” means the market in WENs provided by t2e in accordance with these Rules;

“**WEN Market Contract**” means WEN Spot Contracts and/or WEN Forwards;

“**WEN**” means the electronic evidence notes issued by the Settlement Centre of receipt and reuse or recovery/recycling of a specified tonnage of WEEE (a) by the operator of an AATF for treatment at an authorised treatment facility and recovery and recycling at a reprocessor; or (b) by an AE for treatment, recovery or recycling outside the United Kingdom issued by an AATF or an AE for the purpose of the Regulations and includes a WEEE Trade Note generated by the Settlement Centre for the purposes of assigning such evidence from one person to another;

“**WEN Despatch Advice**” means the email confirmation of WENs sent to the Buying Counterparty on Completion Date in the standard form at Appendix E(viii);

“**WEN Forward**” or “**WEN Forward Contract**” means a standardised Forward Contract for WENs of the type described in the Contract Specification at Rule [EE.3.2.C.1](#) which is registered by t2e;

“**WEN Spot Contract**” means a standardised contract of the type for WENs described in the Contract Specification at Rule [EE.3.2.B.1](#) which is registered by t2e;

“**WEN Market Transaction**” means a Market Transaction in the WEEE Market; and

“**WEN OTC Contract**” means a contract for the sale and purchase of WEN concluded between Participants without use of the t2e Marketplace Service and notified to t2e in accordance with Rule [EE.3.2.E.3.1](#).

EE.3.2.A.1 WEN Spot Contracts and WEN Forward Contracts – Introductory

EE.3.2.A.1.1 The Contract Specifications for WEN Market Contracts traded by t2e and all rules and procedures relating specifically to the trading and settlement of such Contracts are set out in this Part [EE.3.2](#) of the t2e Rulebook.

EE.3.2.A.1.2 The provisions set out in this [Part EE.3.2](#) have been adopted by t2e to govern the provision by it of specific trading facilities relating to WEN Spot Contracts, WEN Forward Contracts and the related deposit, delivery and settlement arrangements.

EE.3.2.A.1.3 See also Rules [EE.2.3](#) and [EE.2.4](#) for t2e's rules relating to t2e's obligations and responsibilities in relation to matching Orders and Rules [EE.2.9](#) to [EE.2.20](#) relating to Registration and Settlement of Market Transactions.

EE.3.2.A.1.4 Participants should note that WEN Spot and WEN Forward Contracts are available for trading at t2e based on WENs in the following categories:

Categories		Minimum Reuse/Recovery/Recycling Rate (%)		
		Reuse	Recovery	Recycling
CAT 1	Large household appliances	100	80	75
CAT 2	Small household appliances	100	70	50
CAT 3	IT and telecommunications equipment	100	75	65
CAT 4	Consumer equipment	100	75	65
CAT 5	Lighting equipment	100	70	50
CAT 6	Electrical and electric tools	100	70	50
CAT 7	Toys, leisure and sports equipment	100	70	50
CAT 8	Medical devices	100	n/a	n/a
CAT 9	Monitoring and control instruments	100	75	65
CAT 10	Automatic dispensers	100	80	75
CAT 11	TVs and monitors	100	75	65
CAT 12	Fridges and cooling equipment	100	80	75
CAT 13	Gas discharge lamps	100	80	80

The rights and obligations of Participants in relation to WEN Market Contracts shall be discharged in accordance with the Rules set out in [Part EE.2](#).

Participants should ensure, on giving instructions regarding an Order in relation to a WEN, that they identify correctly the category of WEN to which their Order relates.

EE.3.2.A.1.5 WEN Market Transactions are settled, and delivery of the required number of WENs to the Buying Counterparty takes place, upon notification to the Buying Counterparty of the crediting of the required number of Accepted WENs to the account at the Settlement Centre nominated by the Buying Counterparty against the payment by it of the Settlement Amount in accordance with these Rules and are completed when the Contract Proceeds are received by the Selling Counterparty and the Buying Counterparty is notified of the crediting of the nominated account with the required number of Accepted WENs.

The obligations concerning the delivery of the WENs on settlement of a WEN Forward or a WEN Spot Contract and the associated payment obligations and all questions arising therefrom are the sole responsibility of the Registered Counterparties to the Registered Contract in question.

EE.3.2.A.1.6 At any given time t2e will normally list WEN Forwards with Expiration Months in each of the next four Quarters ending in the months specified in Rule [EE.3.2.C.2.2](#) below.

EE.3.2.A.1.7 The Settlement Account for the purposes of WEN Market Contracts is:-

Bank Name	Clydesdale Bank PLC
Sort Code	82-62-27
Account Name	The Environment Exchange WEN Clearing Account
Account Number	50305478

EE.3.2.A.1.8 All WEN Markets are Time Limited Markets.

EE.3.2.A.2 WEN Market – Participation Criteria

EE.3.2.A.2.1 A Participant which wishes to trade WEN Market Contracts shall be either:

- (i) a PCS;
- (ii) an AATF;
- (iii) an AE;
- (iv) a DCF; or
- (v) a Representative of any of the above.

EE.3.2.A.3 WEN Delivery Procedures: Completion of Instruments

EE.3.2.A.3.1 For the purposes of Rules [EE.2.14](#) and [EE.2.16](#) WENs are Instruments which require to be completed with relevant information prior to delivery to t2e for onward delivery to the Buying Counterparty.

EE.3.2.A.3.2 Upon receipt of the Seller's Settlement Advice Fax the Seller shall complete the Pre-Submission WEN with the relevant contract number and other information instructed by t2e. Prior to submitting the WEN to the Settlement Centre the Seller shall, no later than 12 noon on the next Trading Day after receipt of the Settlement Advice Fax, email a copy of the Pre-Submission WEN printed from the Summary page at the Settlement Centre to t2e. By submitting a Pre-Submission WEN to t2e the Seller warrants to t2e and the Buyer that the WEN is compliant with the Regulations, that the minimum reuse, recovery or recycling rate specified opposite the relevant category of WEEE in Rule [EE.3.2.A.1.4](#) has been achieved and that the evidence to which it relates have been lawfully and validly issued in accordance with the Regulations. t2e will, in accordance with Rule [EE.2.11.3](#), review the WEN. If either:-

- (a) t2e indicates that the copy WEN is in order; or
 - (b) t2e does not indicate otherwise within one Trading Day of receipt of the WEN,
- the Seller may assume the WEN is in order and submit the WEN to the Settlement Centre.

The Seller will complete the WEN by indicating on the WEN:-

- (i) that the WEN is an accurate reflection of the agreed trade; and
- (ii) that the necessary financial transactions have taken place.

t2e will authorise payment on receipt of cleared funds from the Buyer and a fax or email of the Accepted WEN from the Seller.

EE.3.2.A.3.3 The Selling Counterparty shall be entitled to charge to the Buying Counterparty a document fee for each WEN issued of the amount specified in Rule [EE.3.2.D.1](#).

EE.3.2.B.1 Contract Specification: WEN Spot Contracts

Type of Contract	Standard Spot Contracts for the immediate sale and purchase of the WEN specified by the Counterparties with payment on the Settlement Day and delivery of WENs on the Delivery Day.
Price Quotation	£ per metric tonne
Minimum Price Movement	£ 0.25 per metric tonne.
Minimum Contract Size	One metric tonne.
Trading of WEN Spot Contracts	Participants will be able to place orders in a Spot Contract for WENs during the Trading Hours for such Contracts.
Delivery	Delivery of WENs in the amount represented by the WEN Spot Contract against payment of the Settlement Amount represented by such Registered Contract in accordance with Rules EE.2.11 to EE.2.14 .
Deliverable Instrument	The WENs specified in the Transaction Confirmation Notice relative to the Registered Contracts in question.
Settlement Date	The third Trading Day following the Transaction Date.
Delivery Day	24 hours after receipt of Settlement Advice Fax (sent on receipt of cleared funds on Settlement Date).
Settlement	Payment of the Settlement Amount against delivery of WENs shall occur in accordance with t2e's instructions pursuant to Rules EE.2.11 to EE.2.14 .
Trading Hours	Normally between 10.00 a.m. and 4.00 p.m. Edinburgh time.
Market Start Date	1 January in the Compliance Year.
First Listing Day	Market Start date or if that is not a Trading Day then the next Trading Day.
Market End Date	31 May in the subsequent calendar year.
Last Trading Day	Market End date or if that is not a Trading Day the preceding Trading Day.
Trading Hours	Normally between 10.00 a.m. and 4.00 p.m. Edinburgh time on each Trading Day.

EE.3.2.B.2 Delivery Cycle: WEN Spot Contracts

EE.3.2.B.2.1 The following summarises the delivery timetable for WEN Spot Contracts:

T	Transaction Date – the date on which the Market Transaction is executed. Faxed confirmation of transaction issued by no later than 17:00
T+1	Date funds available for transfer to t2e.
T+3	Settlement Date Date cleared funds received at t2e. Settlement Advice Fax sent notifying the seller to fax or email the Pre-Submission WEN by 1200 the following Trading Day, stating the name of the PCS to whom the WEN will be delivered and if WEN documentation incorrectly completed then issuer advised of necessary changes.
T+4	Delivery Day Unless otherwise instructed by t2e) WEN submitted and copy Accepted WEN faxed or emailed to t2e. Funds sent by BACS to Seller. Buyer notified of Accepted WEN in nominated Settlement Centre account. Remittance advice faxed to Seller.
T+7	Completion Day Date funds received by Selling Counterparty.

EE.3.2.C.1 **Contract Specification: WEN Forwards**

Type of Contract	Standard Forward Contracts with Delivery on the Settlement Date.
Price Quotation	£ per metric tonne.
Minimum Price Movement	£ 0.25 per metric tonne
Deposit	10% of the Transaction Consideration for the Forward Contract in question.
Minimum Contract Size	100 tonnes of WEEE.
Expiration Date	8th day of the Expiration Month of the Expiration Year.
Expiration Month	The month indicated in the Contract's designation.
Expiration Year	The year indicated in the Contract's designation.
Market End Date	Expiration Date
Last Trading Day	The day prior to Expiration Date or if that is not a Trading Day the previous Trading Day.
Trading of WEN Forwards	WEN Forwards will be quoted for trading by t2e in accordance with Rule EE.3.2.C.2 .
Market Start Date expiration year.	Expiration date of the contract which expired with the same expiration month but in the previous expiration year.
First Listing Day	Market Start Date or if that is not a Trading Day the next Trading Day.
Delivery	A WEN Forward is settled by delivery of WENs in the amount represented by the WEN Forward against payment of the Settlement Amount represented by such Contract in accordance with Rules EE.2.11 and EE.2.12 and EE.2.16 .
Deliverable Instrument	The WENs specified in the Transaction Confirmation Notice issued by t2e relative to the Registered Contracts in question.
Settlement Date	The third Trading Day following the Expiration Date.
Delivery Day	24 hours after receipt of Settlement Advice Fax (sent on receipt of cleared funds on the Settlement Date).
Settlement	Payment of the Settlement Amount against delivery of WENs shall occur in accordance with t2e's instructions pursuant to Rules EE.2.11 and EE.2.12 and Rules EE.2.15 and EE.2.16 .
Trading Hours	Normally between 10.00 a.m. and 4.00 p.m. Edinburgh time on each Trading Day.

EE.3.2.C.2 **Trading of WEN Forwards**

EE.3.2.C.2.1 t2e shall admit WEN Forwards to trading in accordance with the following provisions of this Rule [EE.3.2.C.2](#).

EE.3.2.C.2.2 The Expiration Month for a WEN Forward shall be designated by a three-letter code as follows:

Month	Code
February	FEB
May	MAY
August	AUG
November	NOV

The Expiration Year for WEN Forwards shall be designated by a two-digit number appearing after the designation of the Expiration Month for the Contract. The number shall be the final two digits of the year in question.

EE.3.2.C.2.3 Accordingly on the first Trading Day following the last Trading Day for a WEN Forward Series, t2e will normally permit Participants to trade WEN Forwards having an Expiration Month in the same month in the following year.

t2e may depart from its normal arrangements for the trading of WEN Forwards if it considers that such action is appropriate in the circumstances. t2e will inform t2e Participants of any such eventuality.

EE.3.2.C.2.4 For the avoidance of doubt, the Compliance Year for a WEN Forward which has its Expiration Month in FEB shall be the Compliance Year specified in the relevant market.

EE.3.2.C.3 Delivery Cycle WEN Forwards

EE.3.2.C.3.1 The following summarises, in terms of Trading Days, the transaction and delivery cycle for the WEN Forward Market:

T	Transaction Date – date on which the Market Transaction is executed on the exchange. Faxed confirmation of the transaction will be issued by no later than 17:00
T+1	Deposit Delivery Day – Deposit (10%) funds available for transfer to t2e.
T+3	Deposit Due Date
Warning Order Day	Statement of Traded Contracts faxed
Last Trading Day	Contract Expiration Notice issued by fax by no later than one hour after close for the Contract(s) in question
Expiration Date +1	Pre-Submission WENs emailed by 1200 to t2e. If WEN documentation incorrectly completed then issuer advised of necessary changes by WEN Amendment Message. Date on which remaining funds are available for transfer to t2e
Expiration Date +3	Settlement Date and Delivery Date – WENs Accepted and Accepted WEN emailed to t2e/cleared Funds received at t2e. Remittance Advice for returned Deposits, Interest and Contract Proceeds sent by fax.
Expiration Date + 5	Completion Date – Buying Counterparty notified of Accepted WEN in nominated Settlement Centre account. Receipt of Contract Proceeds by Selling Counterparty.

EE.3.2.D WEN Market Fees and Interest Rates

EE.3.2.D.1 The following fees will be payable in relation to the WEN Market:-

Rule	Nature of Fee	Amount
EE.1.3.4	Annual Participation Fee ¹	£0.00
EE.1.7	Trading Fee: WENs at £5 per tonne or above WENs at less than £5 per tonne ²	£0.50 per WEN tonne £0.25 per WEN tonne

EE.2.18.2	Issue of Late Settlement Warning Fax, Late Settlement Letter or Certificate of Failed Delivery	£25.00 per item
EE.3.2.A.3.3	Document Fee	£5.00 per WEN issued

¹The Annual Participation Fee includes the provision to the Participant of t2e's annual audit service in respect of the audit requirement set out in Regulation 52(5) of the Regulations in respect of one site only. The Participant will, if it wishes to use the audit service, enter into t2e's standard engagement letter (see [Appendix EE.3.2 \(Audit\)](#)) in respect of the audit service.

²A minimum trading fee of £10.00 shall apply to trades in WENs.

Participants should note that all fees are exclusive of VAT which will be payable by the Buying Counterparty and the Selling Counterparty at the then applicable rate. t2e shall issue to the Participants as appropriate a valid receipted VAT invoice.

EE.3.2.D.2 The interest rates applicable to the WEN Market are as follows:-

Rule	Nature of Payment	Rate applicable
EE.2.10.3	Interest on Deposit	0.5% below Bank of England base rate
EE.2.18.1	Late Payment	8% above Bank of England official dealing rate

EE.3.2.E WEN Market - Over The Counter Service

In this Part [EE.3.2.E](#) the terms “**Buying Counter Party**” and “**Buyer**” include the purchaser of WENs pursuant to a WEN OTC Contract and the terms “**Selling Counterparty**” and “**Seller**” include the seller of such WEN.

EE.3.2.E.1 WEN OTC Service – Introductory

EE.3.2.E.1.1 The Rules set out in this Part [EE.3.2.E](#) govern the settlement of WEN OTC Contracts and all rules and procedures relating specifically to the settlement of such Contracts are set out in this Part [EE.3.2.E](#) of the t2e Rulebook.

EE.3.2.E.1.2 See also Rules [EE.2.9](#) to [EE.2.20](#) relating to Registration and Settlement of Market Transactions which, for the purposes of this Part [EE.3.2.E](#), shall include WEN OTC Contracts.

EE.3.2.E.1.3 WEN OTC Contracts are settled, and delivery of the required number of WENs to the Buying Counterparty takes place, upon notification to the Buying Counterparty of the crediting of the required number of Accepted WENs to the account at the Settlement Centre nominated by the Buying Counterparty against the payment by it of the Settlement Amount in accordance with these Rules and are completed when the Contract Proceeds are received by the Selling Counterparty and the Buying Counterparty is notified of the crediting of the nominated account with the required number of Accepted WENs.

The obligations concerning the delivery of the WENs on settlement of a WEN OTC Contract and the associated payment obligations and all questions arising therefrom are the sole responsibility of the Counterparties to the WEN OTC Contract in question.

EE.3.2.E.1.4 The Settlement Account for the purposes of WEN OTC Contracts is:-

Bank Name	Clydesdale Bank PLC
Sort Code	82-62-27
Account Name	The Environment Exchange WEN Clearing Account
Account Number	50305478

EE.3.2.E.2 WEN OTC Service – Participation Criteria

EE.3.2.E.2.1 A Participant which wishes to settle WEN OTC Contracts using t2e's OTC Service shall be either:

- (i) a PCS;
- (ii) an AATF;
- (iii) an AE;
- (iv) a DCF; or
- (v) a Representative of any of the above.

EE.3.2.E.3 Notification of WEN OTC Contracts

EE.3.2.E.3.1 Any Participants wishing to use the t2e OTC Service will jointly notify t2e of the terms of the WEN OTC Contract concluded between them not later than 5 days before the due date for settlement of the relevant

WEN OTC Contract by using an OTC Contract Notice. By notifying t2e of the WEN OTC Contract the Buying and Selling Counterparty warrant that they have entered into a binding contract in respect of the relevant WEN OTC Contract and t2e shall have no obligation to verify the existence of such contract or its terms. Upon receipt of an OTC Contract Notice t2e will issue to the Buying Counterparty and the Selling Counterparty an OTC Transaction Confirmation Notice.

EE.3.2.E.4 WEN Delivery Procedures: Completion of Instruments

EE.3.2.E.4.1 For the purposes of Rules [EE.2.14](#) and [EE.2.16](#) WENs are Instruments which require to be completed with relevant information prior to delivery to t2e for onward delivery to the Buying Counterparty.

EE.3.2.E.4.2 Upon receipt of the Seller's Settlement Advice Fax the Seller shall complete the Pre-Submission WEN with the relevant contract number and other information instructed by t2e. Prior to submitting the WEN to the Settlement Centre the Seller shall, no later than 12 noon on the next Trading Day after receipt of the Settlement Advice Fax, email a copy of the Pre-Submission WEN printed from the Summary page at the Settlement Centre to t2e. By submitting a Pre-Submission WEN to t2e the Seller warrants to t2e and the Buyer that the WEN is compliant with the Regulations, that the minimum reuse, recovery or recycling rate specified opposite the relevant category of WEEE in Rule [EE.3.2.A.1.4](#) has been achieved and that the evidence to which it relates have been lawfully and validly issued in accordance with the Regulations. t2e will, in accordance with Rule [EE.2.11.3](#), review the WEN. If either:-

- (a) t2e indicates that the copy WEN is in order; or
- (b) t2e does not indicate otherwise within one Trading Day of receipt of the WEN,

the Seller may assume the WEN is in order and submit the WEN to the Settlement Centre.

The Seller will complete the WEN by indicating on the WEN:-

- (i) that the WEN is an accurate reflection of the agreed trade; and
- (ii) that the necessary financial transactions have taken place.

t2e will authorise payment on receipt of cleared funds from the Buyer and a fax or email of the Accepted WEN from the Seller.

EE.3.2.E.4.3 The Selling Counterparty shall be entitled to charge to the Buying Counterparty a document fee for each WEN issued of the amount specified in Rule [EE.3.2.D.1](#)

EE.3.2.E.5 Delivery Cycle: WEN OTC Contracts

EE.3.2.E.5.1 The following summarises the delivery timetable for WEN OTC Contracts:

T	Transaction Date – the date on which the WEN OTC Contract is notified to t2e and t2e issues the OTC Transaction Confirmation Notice.
S-5	Date funds available for transfer to t2e.
S	Settlement Date Date cleared funds received at t2e. Settlement Advice Fax sent notifying the seller to fax or email the Pre-Submission WEN by 1200 the following Trading Day, stating the name of the PCS to whom the WEN will be delivered and if WEN documentation incorrectly completed then issuer advised of necessary changes.
S+1	Delivery Day (Unless otherwise instructed by t2e) WEN submitted and copy Accepted WEN faxed or emailed to t2e. Funds sent by BACS to Seller. Buyer notified of Accepted WEN in nominated Settlement Centre account. Remittance advice faxed to Seller.
S+4	Completion Day Date funds received by Selling Counterparty.

EE.3.2.E.6 WEN OTC Service Fees and Interest Rates

EE.3.2.E.6.1 The following fees will be payable in relation to the WEN OTC Market:-

Rule	Nature of Fee	Amount
EE.1.3.4	Annual Participation Fee ¹	£1000.00
EE.1.7	Trading Fee: WENs at £5 per tonne or above WENs at less than £5 per tonne ²	£0.50 per WEN tonne £0.25 per WEN tonne

[EE.2.18.2](#) Issue of Late Settlement Warning Fax, Late Settlement Letter or Certificate of Failed Delivery £25.00 per item

[EE.3.2.A.3.3](#) Document Fee £5.00 per WEN issued

¹The Annual Participation Fee includes the provision to the Participant of t2e's annual audit service in respect of the audit requirement set out in Regulation 52(5) of the Regulations in respect of one site only. The Participant will, if it wishes to use the audit service, enter into t2e's standard engagement letter (see [Appendix E.3.2 \(Audit\)](#)) in respect of the audit service.

A minimum trading fee of £10.00 shall apply to trades in WENs.

Participants should note that all fees are exclusive of VAT which will be payable by the Buying Counterparty and the Selling Counterparty at the then applicable rate. t2e shall issue to the Participants as appropriate a valid receipted VAT invoice.

EE.3.2.E.6.2 The interest rates applicable to the WEN OTC Service are as follows:-

Rule	Nature of Payment	Rate applicable
EE.2.10.3	Interest on Deposit	0.5% below Bank of England base rate
EE.2.18.1	Late Payment	8% above Bank of England official dealing rate

EE.3.3 Recovered Paper Market

Recovered Paper Market – Specific Definitions

Unless the contrary intention appears, the following terms used in this Part have the meanings given below:-

“Accepted” in relation to Loading Evidence means evidence of the loading and collection of RP the subject of a RP Market Transaction in a form acceptable to t2e;

“Collection Date” means the date on which the Buyer completes the collection of all of the RP the subject matter of a RP Market Transaction from the Collection Facility;

“Collection Facility” means the facility of the Selling Counterparty from which the Buyer is to collect the RP the subject of a RP Market Transaction;

“Collection Time” means the three hour time slot or slots on a given day(s) falling within the Collection Week agreed between the Buyer and the Seller during which the Buyer will arrange for the nominated transport type to collect RP the subject matter of a RP Market Transaction from the Collection Facility and the Seller shall load it;

“Collection Week” means (i) in the case of a RP Spot Contract the period of 7 calendar days commencing on the Trading Day following the Settlement Date and ending 7 calendar days later; and (ii) in the case of a RP Forward the international standard calendar week starting Monday finishing Sunday stated in that RP Forward Contract;

“Deferred Settlement Date” means, if Deferred Settlement Terms have been agreed, the date on which the Transaction Consideration is payable in accordance with the Deferred Settlement Terms. This date shall be the Trading Day after the agreed number of calendar days in the Deferred Settlement Terms have been added to the Settlement Date;

“Deferred Settlement Terms” means terms agreed or to be agreed between the Buying Counterparty and the Selling Counterparty in respect of deferred settlement of the Transaction Consideration and any interest and/or fees due and payable under a RP Market Transaction (15 days; 30 days; or 45 days from invoice);

“Exempt Broker” means a body which is recognised by an Agency as exempt from registration in respect of dealing in waste or arranging for waste to be disposed of, recovered, imported or exported;

“Final Destination” means the destination at which the RP, the subject of a RP Market Transaction, is first unloaded or if the load is sealed where that seal is broken other than if it is broken by a regulatory body at a location other than that to which the relevant RP was intended ultimately to be delivered;

“Finally Determined” means, in respect of any RP Dispute, either (a) the subject of a binding agreement between the Buying Counterparty and the Selling Counterparty to finally dispose of the subject matter of the RP Dispute; or (b) determined by an authority from which there is no further appeal;

“Foreign Licence Holder” means a body which is registered with a regulatory authority acceptable to t2e outside the United Kingdom as a dealer in waste or as someone who arranges for waste to be disposed of, recovered, imported or exported;

“Licensed Broker” means a body which is registered by an Agency as a dealer in waste or as someone who arranges for waste to be disposed of, recovered, imported or exported;

“Load” means a quantity of RP capable of being transported in or on one of (a) a standard container (24 tonnes); (b) an high cube container (24 tonnes) (b) a curtain sided trailer (25 tonnes); or (c) walking floor trailer (25 tonnes);

“Loading Evidence” means (a) evidence of the time and date of collection of the Load, for example, a loading ticket signed by a representative of the haulier or a Packing List or an Annex 7 to the Transfrontier Shipment of Waste Regulations 2007; (b) photographic evidence of the loading conditions and of the load comprising, as a minimum, digital photographs of the surface on which the RP was stored and from which it was loaded, a half loading photograph and a full loading photograph (which must show the container or trailer number) and where relevant the container seals; and (c) an electronic weighbridge ticket dated the date of loading demonstrating the tonnage loaded;

“Nominated Location” means the location entered by the Buyer as the location which, in combination with the Road Miles, identifies the geographical area within which the Buyer wishes to purchase RP; it could be either one of the standard locations listed by t2e or the UK premises of the Buyer to which RP, the subject of a RP Market Transaction, is to be transported;

“OCC” means old corrugated cardboard conforming to the standard set out in Appendix F;

“ONP” means old newspaper conforming to the standard set out in Appendix F;

“Post Inspection Notice” means a notice from the Buying or Selling Counterparty to t2e containing the details prescribed by t2e from time to time notifying t2e that either (a) it is satisfied with the quantity and quality of the RP delivered to it pursuant to a RP Market Contract, or (b) it is dissatisfied with the quantity and/or the quality of RP delivered to it pursuant to a RP Market Contract and any financial adjustment requested;

“Recovered Paper” or **“RP”** means OCC or ONP;

“Recovered Paper Market” and **“RP Market”** mean the market in RP provided by t2e in accordance with these Rules;

“Remittance Day” means the day on which the Contract Proceeds due on a RP Contract are remitted by t2e to the Seller in the event that both Counterparties have fulfilled their obligations under the relevant RP Contract;

“Road Miles” means the number of miles by road from the Nominated Location to the Collection Facility as established by t2e in accordance with Rule EE.3.3.A.2;

“RP Dispute” means a dispute between Registered Counterparties in relation to a RP Market Contract including, without limitation, any dispute in relation to the quantity or quality of, or the collection, loading or transport (including timing) of, any Load;

“RP Dispute Resolution Process” means the dispute resolution process adopted by t2e from time to time, and set out in EE.3.3.A.5, for the resolution of RP Disputes;

“RP Dispute Resolution Proposal” means the Dispute Resolution Proposal issued by t2e in the form set out in Appendix I in response to the issue of a Post Inspection Notification by either the Buyer or the Seller or, if no Post Inspection Notification has been received, 5 days after the deemed arrival of the RP at the Final Destination;

“RP Dispute Final Determination Notice” means the Notice issued by t2e in the form set out in Appendix J stating the final determination of any RP Dispute which will be a VAT invoice reflecting the adjustments to the Bond or Deposit as a consequence of the resolution of the RP Dispute;

“RP Forward” or **“RP Forward Contract”** means a standardised Forward Contract for RP of the type described in the Contract Specification at Rule [EE.3.3.C.1](#) which is registered by t2e;

“RP Market Contract” or **“RP Contract”** means a RP Spot Contract and/or a RP Forward;

“RP Market Transaction” means a Market Transaction in the RP Market;

“RP Spot Contract” means a standardised contract of the type for RP described in the Contract Specification at Rule [EE.3.3.B.1](#) which is registered by t2e; and

“Unloading Evidence” means the evidence required to be produced by the Buyer to justify a claim against the Seller in the context of a RP Dispute being, in the case of a weight claim an electronic weighbridge ticket; and, in the case of a quality claim unloading photographs showing the container or vehicle registration number and date of unloading including the load sealed if appropriate, full with the door half opened, partially unloaded and totally unloaded.

EE.3.3.A.1 RP Spot Contracts and RP Forward Contracts – Introductory

EE.3.3.A.1.1 The Contract Specifications for RP Market Contracts traded by t2e and all rules and procedures relating specifically to the trading and settlement of such Contracts are set out in this [Part EE.3.3](#) of the t2e Rulebook.

EE.3.3.A.1.2 The provisions set out in this [Part EE.3.3](#) have been adopted by t2e to govern the provision by it of specific trading facilities relating to RP Spot Contracts, RP Forward Contracts and the related deposit, collection, payment, dispute resolution and settlement arrangements.

EE.3.3.A.1.3 See also Rules [EE.2.3](#) and [EE.2.4](#) for t2e’s rules relating to t2e’s obligations and responsibilities in relation to matching Orders and Rules [EE.2.9](#) to [EE.2.20](#) relating to Registration and Settlement of Market Transactions.

EE.3.3.A.1.4 Participants should note that Spot and Forward Contracts are available for trading at t2e based on the following categories of RP:

Old Cardboard (OCC)
Old Newspaper (ONP)

in each case baled or loose.

The rights and obligations of Participants in relation to RP Market Contracts shall, subject always to the terms of this Part EE.3.3, be discharged in accordance with the Rules set out in [Part EE.2](#).

Participants should ensure, when giving instructions regarding an Order in relation to a RP, that they identify correctly the type of RP to which their Order relates and whether the RP is to be baled or loose.

EE.3.3.A.1.5 Subject to Rule EE.3.3.A.3.3 in relation to Deposits and Bonds, RP Market Transactions are settled upon delivery to t2e of Accepted Loading Evidence in respect of the amount of RP the subject of the relevant RP Market Contract duly loaded to form the Load or Load(s) the subject of the relevant RP Market Transaction against payment by the Buying Counterparty of the Settlement Amount in accordance with these Rules or, if Deferred Settlement Terms have been agreed, against the Buying Counterparty’s undertaking to pay in accordance with the Deferred Settlement Terms (which undertaking will be deemed given by the Buying Counterparty automatically upon a RP Contract being entered into and will become unconditional upon Loading Evidence in respect of the relevant RP Market Contract being Accepted or being deemed to be Accepted; pursuant to Rule EE.3.3.A.4.5) and RP Market Transactions are completed (subject to the RP Dispute Resolution Process) when the Contract Proceeds (less the Seller’s Deposit if any) are received by

the Selling Counterparty or, if Deferred Settlement Terms have been agreed, upon payment of the Contract Proceeds in accordance with the Deferred Settlement Terms.

The obligations concerning the delivery of the RP pursuant to a RP Forward or a RP Spot Contract and the associated payment obligations and all questions arising therefrom are the sole responsibility of the Registered Counterparties to the RP Contract in question.

EE.3.3.A.1.6 At any given time t2e will normally list RP Forward Contracts with Expiration Dates on the Tuesday of each of the next thirteen international standard calendar weeks.

EE.3.3.A.1.7 The Settlement Account for the purposes of RP Contracts is:-

Bank Name	Clydesdale Bank PLC
Sort Code	82-62-27
Account Name	The Environment Exchange RP Clearing Account
Account Number	50032767

EE.3.3.A.1.8 Any Participant which wishes to contract on Deferred Settlement Terms must provide to t2e in a form and for an amount (being not less than its then liability in respect of the aggregate Market Consideration of all RP Market Transactions entered into on Deferred Payment Terms and which have not yet been completed and any unsatisfied liability in respect of RP Disputes) acceptable to t2e a Standby Letter of Credit or Bank Guarantee issued by a UK clearing bank in the form set out at Appendix G.

EE.3.3.A.2 RP Market – Participation Criteria

EE.3.3.A.2.1 A Participant which wishes to trade RP Contracts shall be either:

- (i) a Licensed Broker;
- (ii) an Exempt Broker;
- (iii) a Foreign Licensed Broker;
- (iv) an Accredited Reprocessor or an Accredited Exporter as defined in Rule EE.3.1;
- (v) a recovered paper mill;
- (vi) any other person, such as a paper merchant, who may lawfully deal in RP; or
- (vii) a Representative of any of the above.

EE.3.3.A.2.2 When registering as a Participant in the RP Market, a Participant shall notify to t2e the type of Load (container – standard or high cube, trailer - curtain sided or walking floor) and packing method (baled or loose) in which it will trade and will not, without the prior agreement of t2e, place or accept Orders in the RP Market for Loads other than those of the type so notified.

EE.3.3.A.2.3 In addition to those items specified in Rule 1.3.5 (but without prejudice to its generality) Participants in the RP Market shall provide to t2e:-

- (i) details (including the exact geographical location) of the facility or facilities operated by them from and/or to which RP will be collected and/or delivered;
- (ii) such evidence as t2e requires with regard to the type(s) of Load(s) and packing methods the Participant is able to load/transport and unload;
- (iii) details of the nearest weighbridge to each facility referred to at (i) above;
- (iv) details of the Participant's ability to provide Loading Evidence and/or as appropriate Unloading Evidence ;
- (v) its preferred settlement method, and if that is Deferred Settlement Terms, its maximum desired settlement period; and
- (vi) whether they wish to trade in spot or forward or all markets,

and shall forthwith notify t2e if there is any change to any of these details.

EE.3.3.A.3 RP Order Provisions and Deposits or Bonds

EE.3.3.A.3.1 On placing and/or modifying an Order in the RP Market a Participant shall, in addition to the information specified in Rule EE.2.3.2 provide to t2e:-

- (i) confirmation of the type of RP the subject of the Order (OCC or ONP);

- (ii) whether the RP is baled and/or loose;
- (iii) the type of Load (standard container and/or high cube container and/or curtain sided trailer and/or walking floor trailer) the subject of the Order which, in the case of an Order to purchase, must be specific;
- (iv) whether, and if so which, Deferred Settlement Terms are acceptable to the Participant;
- (v) in the case of an Order to sell, the location of the Collection Facility; and
- (vi) in the case of an Order to purchase, the Nominated Location and the maximum acceptable distance in units of 25 Road Miles between the Nominated Location and the Collection Facility,

which, where appropriate, shall conform to the details provided by the Participant to t2e in accordance with Rules EE.3.3.A.2.2 and EE.3.3.A.2.3 above.

EE.3.3.A.3.2 The Settlement Advice Fax issued by t2e in accordance with Rule EE.2.14.2 or EE.2.16.3 in respect of a RP Contract will notify to the Counterparties the distance in Road Miles between the Nominated Location and the Collection Facility and, unless the Buying Counterparty disputes that distance by notifying t2e in writing of the dispute within 24 hours of the date of receipt of the Settlement Advice Fax, the mileage specified in the Transaction Confirmation Notice shall be definitive as to the distance between the Buyer's Nominated Location and the Collection Facility and may not thereafter be challenged under any circumstances. Any dispute as to the distance in Road Miles between the Collection Facility and the Nominated Location will be determined by t2e by reference to the shortest recommended route between the Collection Facility and the Nominated Location by reference to Bing maps or such alternative web based mapping system as t2e shall elect from time to time.

EE.3.3.A.3.3 Unless t2e has an arrangement with a Participant in terms of which t2e holds a Bond (Rule EE.2.10.6), a form of which is set out in Appendix H, in respect of that Participant's trading activity with t2e, a Deposit shall be payable on the Deposit Due Date by (i) in the case of a RP Forward Contract, both the Buying and Selling Counterparties; and (ii) in the case of a RP Spot Contract, the Buying Counterparty. In respect of a RP Spot Contract t2e shall, on the Payment Date, deduct from the Transaction Consideration prior to its despatch to the Seller a sum equal to 10% of the Transaction Consideration by way of Deposit. t2e may, at its discretion, make arrangements with Participants for the holding of rolling deposits and Bonds, but in no event shall the level of Deposit or Bond held by t2e fall below 10% of the total value of Transactions Considerations that are due for settlement in the next market in which the Participant has traded or that have not been completed to which the relevant Participant is a Counterparty at any time and any unsatisfied liability in respect of RP Disputes and Participants in respect of which Bonds are held shall ensure that the level of that Participant's Bond is at all times at that level and shall make payments to t2e accordingly.

EE.3.3.A.3.4 For the purpose of Rules EE.2.10.4 and EE.3.3.A.3.3, a RP Market Contract shall not be deemed to have completed until the earlier of (a) the date on which the Buying Counterparty confirms to t2e that it is satisfied with the Load(s) the subject of the relevant RP Market Contract; (b) assuming no RP Dispute has arisen, the date falling 5 Trading Days after the date on which it is deemed to have arrived at the Final Destination in accordance with Rule EE.3.3.4.6 and (c) if a RP Dispute has arisen, the date falling 2 Trading Days after the date on which that RP Dispute is Finally Determined, and as appropriate the Bonds or Deposits have been adjusted and, together with any interest accrued, been returned to both counterparties of the RP Contract. For the avoidance of doubt t2e shall not be obliged to withhold any funds held by it pending resolution of a RP Dispute other than the Deposit held in connection with that RP Contract or the relevant Counterparty's Bond (if any).

EE.3.3.A.4 RP Delivery Procedures and RP Disputes

EE.3.3.A.4.1 Upon receipt of the Settlement Advice Fax, the Buyer shall contact the Seller and the Seller and the Buyer will arrange a Collection Time for each Load, being a period not exceeding 3 hours on a specific day falling in the Collection Week, during which the Buyer will collect the RP from the Collection Facility and the Buyer and Seller should notify t2e by fax or e-mail that time and date within 24 hours of it being agreed and in advance of the earliest Collection Time. The Buyer and Seller may by mutual agreement: (a) arrange the Collection Time before or after the Collection Week and (b) vary the Collection Time subsequent to initial agreement between Counterparties so long as the variation occurs prior to the previously planned Collection Time otherwise a RP Dispute will arise. In the event that Loads are collected on more than one calendar day the final day shall be the Collection Date,

EE.3.3.A.4.2 At the Collection Time the Buyer will collect the RP from the Collection Facility specified in the Transaction Confirmation Notice and the Seller will make the RP available for collection at the Collection Facility and load the RP on the Buyer's transport in the Load form specified in the Transaction Confirmation Notice.

EE.3.3.A.4.3 The Seller shall, during and upon completion of the collection of each Load, compile Loading Evidence. The Seller must procure that all photographs forming part of the Loading Evidence bear an accurate digital date which must be the date of loading.

EE.3.3.A.4.4 The following shall be terms of each RP Market Transaction:-

- (i) Title to the RP shall pass to the Buying Counterparty upon Collection of the RP.

- (ii) Settlement of the RP Contract by the Seller will be authorised in accordance with Rule EE.3.3.A.4.5.
- (iii) Collection and physical delivery of the RP will be completed on the completion of loading of the RP at the Collection Facility.
- (iv) The Buying Counterparty warrants that the Load type will be as agreed in the Transaction Confirmation Notice and that the Buying Counterparty or its haulier will arrive at the Collection Facility at the Collection Time agreed between the Counterparties with an appropriate vehicle.
- (v) The Selling Counterparty warrants that the RP will conform in terms of type, quality and quantity to the Order placed by the Selling Counterparty and, by specifying the type(s) of Load in an Order the Seller warrants its ability to load Loads of that type at the Collection Facility.
- (vi) Risk of damage to, or destruction of, the RP other than as a result of its natural deterioration shall pass to the Buying Counterparty on collection; risk of deterioration in the quality of the RP (other than deterioration arising as a result of the Buying Counterparty's acts or omissions) shall remain with the Selling Counterparty until unloading of the RP at the Final Destination. In the event that either the load is not unloaded within 5 Trading Days of arrival at the Final Destination or within 50 Trading Days of the Collection Time then the risk will transfer to the Buyer.
- (vii) Where Deferred Settlement Terms are agreed the Buying Counterparty shall pay to the Selling Counterparty interest at the rate specified for Late Payment in Rule EE.3.3.D.2 from the Settlement Date until payment of the Settlement Amount in full.

EE.3.3.A.4.5 Within 24 hours of each Collection Time, the Seller will fax or email to t2e and the Buyer the Loading Evidence for each Load. t2e will, in accordance with Rule [EE.2.11.3](#), review the Loading Evidence. If either, (a) t2e indicates that the Loading Evidence is Accepted; or (b) t2e does not indicate otherwise within one Trading Day of receipt of the Loading Evidence, the Seller may assume the Loading Evidence is Accepted, t2e will authorise payment to the Seller and, if no Deferred Settlement Terms have been agreed will pay the Contract Proceeds to the Seller under deduction of the Seller's Deposit. If Deferred Settlement Terms have been agreed, t2e will notify the Buyer that the Loading Evidence is Accepted and the Buyer will become obliged to pay the Contract Proceeds together with interest to the Seller (through t2e) in accordance with the Deferred Settlement Terms. For the avoidance of doubt the fact that Loading Evidence is Accepted or deemed to be Accepted shall not affect the ability of a Counterparty to subsequently raise a RP Dispute in respect of the quality and/or quantity of the relevant RP and/or any other matter in accordance with Rules EE.3.A.4.6 and EE.3.A.4.7.

EE.3.3.A.4.6 The Buyer will, no later than the date falling 5 Trading Days after the date of arrival of the Load at the Final Destination, issue to t2e a Post Inspection Notice copied to the Seller intimating whether or not it is satisfied with the quantity and quality of RP collected by it and any other matter relating to the performance of the RP Market Contract in question, and if it is not so satisfied the reasons for that. If a Post Inspection Notice has not been delivered to t2e within said 5 day period the Seller will be deemed to have delivered to the Buyer RP which conforms in all respects with the Buyer's Order and the Buyer shall have no further claim against either the Seller or t2e in respect of that Market Contract. For the purposes of determining the arrival date of the relevant Load at the Final Destination, unless otherwise notified to t2e and verified by the Buyer to t2e's satisfaction: (a) If the Final Destination is within the UK, it will be deemed to have arrived on the date of collection from the Collection Facility, (b) If the Final Destination is within the EU, it will be deemed to have arrived on the next calendar day after the date of collection from the Collection Facility (c) If the Final Destination involves shipping outside the EU it will be deemed to have arrived on 45 calendar days after the date of collection from the Collection Facility.

EE.3.3.A.4.7 If the Buyer indicates in a Post Inspection Notice that it is dissatisfied with the quality or quantity of the RP collected by it, a RP Dispute will be deemed to have arisen and the RP Dispute Resolution Process will apply. Where a RP Dispute has arisen where practicable the Buying Counterparty will either (i) both store the RP, the subject matter of the disputed RP Market Contract, in dry conditions and allow access for its inspection by or on behalf of t2e or the Seller within 5 Trading Days of notification of the RP Dispute or so long as the Dispute continues whichever is the longer; or (ii) return it back to the Collection Facility for inspection. If the Buyer opts for the latter the Seller will only be responsible for the transport costs in the event that he accepts the cause of Dispute or it is so resolved by t2e or an independent arbiter appointed by t2e. If the load is returned to the Collection Facility and the Seller accepts the Dispute, the Seller must as soon as practicable and no later than 5 Trading Days supply a replacement load for collection and must notify t2e of the Collection Time once that is agreed between the Buyer and the Seller.

A Buyer must substantiate any RP Dispute with evidence such as an electronic weighbridge ticket to raise disputes over quantity and/or unloading photographs of the Load for quality and/or moisture readings for each bale in a Load. All photographs or moisture readings should be dated at the time of unloading. It should be noted that disputes are only relevant to the total Load **not** individual parts of that Load.

EE.3.3.A.5 **RP Dispute Resolution Process**

EE.3.3.A.5.1 If the Buyer indicates in a Post Inspection Notice that it is dissatisfied with the quality or quantity of the RP this must be supported with a report that details the nature and value of the dissatisfaction and Unloading Evidence. On receipt of the Post Inspection Notice from the Buyer, t2e will immediately advise the Seller of the dissatisfaction and enclose a copy of the Post Inspection Notice and Unloading Evidence.

The Post Inspection Notice from the Buyer must advise for each Load:

- (i) that the RP is of totally the wrong grade of RP or is so excessively contaminated that it is unusable and is in consequence rejected;
- (ii) that the RP is not of the required quality but could still be used subject to a financial adjustment;
- (iii) that the RP is not of the required quantity but could still be used subject to a financial adjustment;
- (iv) the financial adjustment requested and/or
- (v) that the RP is the required quality and quantity.

EE.3.3.A.5.2 In the event of (i) and (ii) above, the Buyer's report must give the precise nature of the complaint, detailing the types of material defects together with the number of bales or tonnage of the Load that this applies to, and be supported with photographs adequate to evidence the cause of rejection or downgrade. Photographic evidence of all bales that are sub-standard must be provided.

In the case of material loaded on curtain-sided or walking floor trailers the photographs should be of the material still loaded on the trailer. If the material was loaded into a shipping container, the photographs must be taken of each claimed bale at the time of unloading so that the container number on the inside of the container shows clearly in each photograph. These measures are critical in order to avoid claims by the Seller that the material is from another source supplier.

The Buyer must set out the method used to determine the level of excess moisture together with full details of each reading taken.

EE.3.3.A.5.3 In the event of (iii) above, the Buyer's or Seller's Post Inspection Notice must be supported with suitable evidence such as copies of printed, signed weighbridge tickets for each Load. Hand-written weighbridge tickets are not acceptable. The Seller's weighbridge ticket may be submitted as evidence in respect of a claim. Weight claims will be agreed on the average weight of all Loads comprised within the relevant RP Contract. So long as the average weight of the Loads within the relevant RP Contract varies by less than 4% from the anticipated weight of the Load, claims will be limited to a per tonne adjustment to the Transaction Consideration for the average tonnage variation per Load plus a transport claim which per tonne shall be no greater than 33.33% of the Transaction Consideration. Where the average weight of the Loads varies by more than 4%, the transport cost claim will cover the cost of replacement transport. No Load may be heavier than the legal vehicle or container load limit for the United Kingdom.

EE.3.3.A.5.4 The Buyer or Seller must provide a schedule which sets out in detail the financial adjustment being sought from the Counterparty. Agreement to release or use of the RP must be reached between the Counterparties through t2e before the rejected or downgraded RP is respectively either released or used by the Buyer.

EE.3.3.A.5.5 On notification of a RP Dispute the Counterparty must acknowledge its receipt and respond with a counterclaim, if relevant, in writing within 2 Trading Days. The Counterparty will have a further 2 Trading Days to respond to the counterclaim.

The possible outcomes of a RP Dispute are:

- (i) The Buyer or Seller accepts the claim – Buyer or Seller advises t2e within 2 Trading Days. Funds deducted from Bond or Deposit as appropriate. Adjusted Deposits paid to Buyer and Seller.
- (ii) The Buyer or Seller withdraws the claim – Buyer or Seller advises t2e within 2 Trading Days. No funds deducted from Bond or Deposit as appropriate. Deposits returned to Buyer and Seller.
- (iii) The Seller and Buyer reach a compromise agreement – joint advice to t2e from Buyer and Seller within 2 Trading Days. Funds deducted from Bond or Deposit as appropriate. Adjusted Deposits paid to Buyer and Seller.
- (iv) Failure to reach agreement. RP Dispute referred to arbitration.

EE.3.3.A.5.6 In the event that a Dispute is not resolved by agreement between the Counterparties within 5 Trading Days of the issue by t2e of a RP Dispute Resolution Proposal, t2e may appoint an independent arbiter to settle the RP Dispute. Once appointed both parties must accept the nominated arbiter and also accept that the decision of the arbiter will be final and binding on both parties. The costs of arbitration will be apportioned by the arbiter as he thinks fit in light of the outcome of the arbitration. Subject to the foregoing, the provisions of Rule EE.1.16.1 shall apply to arbitration pursuant to this Rule.

EE.3.3.A.5.7 Within 5 Trading Days of receipt of the Post Inspection Notice or if such Notice is not received 5 Trading Days after the deemed date of arrival of the RP at the Final Destination (EE.3.3.A.4.6), t2e will issue a RP Dispute Resolution Proposal to both Buyer and Seller for both quality and quantity. Both Counterparties will have 2 Trading Days to accept or otherwise this proposal. In the absence of any response, the proposal will be deemed accepted and a RP Dispute Final Determination Notice will be issued, adjustments to Bonds or

Deposits made as determined and Deposits, adjusted as appropriate, returned within 2 subsequent Trading Days.

EE.3.3.B.1 Contract Specification: RP Spot Contracts

Type of Contract	Standard Spot Contracts for the immediate sale and purchase of the RP specified by the Counterparties with payment on the Settlement Date, as agreed, against delivery of Loading Evidence.
Price Quotation	£ per metric tonne
Minimum Price Movement	£ 0.10 per metric tonne.
Deposit	10% of the Transaction Consideration for the RP Market Contract in question payable by both Buyer and Seller.
Minimum Contract Size	1 Load.
Trading of RP Spot Contracts	Participants will be able to place Orders in a Spot Contract for RP during the Trading Hours for such Contracts.
Delivery	Delivery of the Accepted Loading Evidence in respect of the RP Spot Contract against payment of, or agreement by the Buyer to pay, the Settlement Amount represented by such Registered Contract in accordance with Rules EE.2.11 to EE.2.14 .
Deliverable	Accepted Loading Evidence in respect of the RP specified in the Transaction Confirmation Notice relative to the Registered Contracts in question.
Settlement Date	The third Trading Day following the Transaction Date. If Deferred Settlement Terms have been agreed the Deferred Settlement Date is calculated in calendar days from the Settlement Date.
Collection Week	Running for seven calendar days starting on the first Trading Day following the Settlement Date.
Collection Date	The final day on which, by mutual agreement between the Counterparties, Loads in respect of the relevant RP Market Contract are collected from the Collection Facility or in the event that Collection Times are not notified to t2e the last Trading Day of the Collection Week.
Settlement	Payment of the Settlement Amount against delivery of Loading Evidence shall occur in accordance with t2e's instructions pursuant to Rules EE.2.11 to EE.2.14 .
Trading Hours	Normally between 10.00 a.m. and 4.00 p.m. Edinburgh time

EE.3.3.B.2 Delivery Cycle: RP Spot Contracts

EE.3.3.B.2.1 The following summarises, in Terms of Trading Days, the transaction and delivery timetable for RP Spot Contracts unless Deferred Settlement Terms have been agreed:

T	Transaction Date – the date on which the Market Transaction is executed. Faxed confirmation of transaction issued by no later than 17:00
T+1	Date funds available for transfer to t2e.
T+3	Deposit Due Date and Settlement Date – Unless Bond to meet the requirements of EE.3.3.4.2 is in place Deposit and Settlement Amount due from Buyer. Cleared funds received at t2e by no later than 12.00. Settlement Advice Fax sent by no later than 17:00 to both Counterparties advising them to contact each other to arrange a Collection Time for each Load.

Between T+4 and T+9	Collection Week – A period of 7 calendar days within which falls the Collection Time(s) when (unless otherwise instructed by t2e or by mutual agreement between the counter-parties) RP is collected from Collection Facility
CD	Collection Date – the final day that RP is collected from the Collection Facility. In the event this is not notified to t2e the final Trading day of the Collection Week.
CD + 1	Remittance Date – Loading Evidence faxed or emailed to t2e. Contract Proceeds sent by BACS to Seller after deduction of the Seller's Deposit. Remittance advice faxed to Seller.
CD + 3	Completion Day – Date funds received by Selling Counterparty.
CD + 5 to CD + 50	Deposit Return Day – Deposit returned to Buyer and Seller subject to any RP Dispute Resolution. Remittance advice faxed to both counterparties showing, as appropriate, deductions or additions to Deposit consequence of any RP Dispute.

In the event that Deferred Settlement Terms are agreed the Deposit Due Date, the issue of the Settlement Advice Fax, the Collection Week, the arrangement of Collection Time(s), the provision of Loading Evidence and the raising of any RP Dispute stay the same as in this delivery timetable. The Settlement Date and the Remittance Date as appropriate are deferred by the period agreed in the Deferred Settlement Terms.

EE.3.3.C.1 Contract Specification: RP Forwards

Type of Contract	Standard Forward Contracts for the sale and purchase of the RP specified by the Counterparties with payment on the Settlement Date against delivery of Loading Evidence for collection of the RP within the Collection Week nominated in the contract.
Price Quotation	£ per metric tonne.
Minimum Price Movement	£ 0.10 per metric tonne
Deposit	10% of the Transaction Consideration for the Forward Contract in question payable by Buying Counterparty and Selling Counterparty.
Minimum Contract Size	1 Load
Expiration Date	The Tuesday of the week preceding the Collection Week indicated in the Contract's designation.
Collection Week	The week indicated in the Contract's designation running for seven calendar days starting on Monday.
Collection Year	The year indicated in the Contract's designation.
Collection Date	The final day on which, by mutual agreement between the Counterparties, Loads in respect of the relevant RP Market Contract are collected from the Collection Facility or in the event that Collection Times are not notified to t2e the last Trading Day of the Collection Week.
Market End Date	Expiration Date
Last Trading Day	The day prior to Expiration Date or if that is not a Trading Day the previous Trading Day.
Trading of RP Forwards	RP Forwards will be quoted for trading by t2e in accordance with Rule EE.3.1.C.2 .
Market Start Date	Expiration Date of the contract which expired 13 calendar weeks prior to the Collection Week nominated in the contract.
First Listing Day	Market Start Date or if that is not a Trading Day the next Trading Day.
Delivery	A RP Forward is settled by delivery of Accepted Loading Evidence in respect of the RP Forward against payment of the Settlement Amount represented by such Contract in accordance with Rules EE.2.16 .
Deliverable	Accepted Loading Evidence in respect of the RP specified in the Transaction Confirmation Notice issued by t2e relative to the Registered Contracts in question.
Settlement Date	The third Trading Day following the Expiration Date.
Settlement	Payment of the Settlement Amount against delivery of Loading Evidence shall occur in accordance with t2e's instructions pursuant to Rules EE.2.15 and EE.2.16 .
Trading Hours	Normally between 10.00 a.m. and 4.00 p.m. Edinburgh time on each Trading Day.

EE.3.3.C.2 Trading of RP Forwards

EE.3.3.C.2.1 t2e shall admit RP Forwards to trading in accordance with the following provisions of this Rule [EE.3.3.C.2](#).

EE.3.3.C.2.2 The Expiration Date for a RP Forward shall be the Tuesday of each of the next 13 international standard calendar weeks and shall be designated by the number of that week (1-52/53).

The Expiration Year shall be designated by a two-digit number appearing after the designation of the Expiration Date for the Contract.

EE.3.3.C.2.3 Accordingly on the first Trading Day following the last Trading Day for a RP Forward Series, t2e will normally permit Participants to trade RP Forwards having an Expiration Date in the next 13 consecutive weeks.

t2e may depart from its normal arrangements for the trading of RP Forwards if it considers that such action is appropriate in the circumstances. t2e will inform t2e Participants of any such eventuality.

3 EE.3.3.C.3 Delivery Cycle: RP Forwards

EE.3.3.C.3.1 The following summarises, in terms of Trading Days, the transaction and delivery timetable for RP Forward Contracts, unless Deferred Settlement Terms have been agreed:

T **Transaction Date** – date on which the Market Transaction is executed on the exchange. Faxed confirmation of the transaction will be issued by no later than 17:00

T+1 **Deposit Delivery Day** – Deposit (10%) funds available for transfer to t2e or Bond to the value stated in EE.3.3.A.4.2 is in place.

T+3 **Deposit Due Date** – Deposits due from both Buyer and Seller. Cleared funds received at t2e by no later than 12.00.

Warning Order Day Summary of Traded Contracts faxed – Friday preceding the Expiration Date.

Expiration Date (E) Contract Expiration Notice issued by fax by no later than one hour after close for the Contract(s) in question. VAT Point.

E +3 **Settlement Date** – Cleared funds received at t2e by no later than 12.00. Settlement Advice Fax sent by no later than 17:00 to both Counterparties advising them to contact each other to arrange a Collection Time.

Between
E+4 and
E+9 **Collection Week** – A period of 7 calendar days running from Monday to Sunday as nominated in the contract within which falls the Collection Time(s) (unless otherwise instructed by t2e or by mutual agreement between the counter-parties) RP Collected from Collection Facility

CD **Collection Date** - the day the final Load of RP is collected from the Collection Facility

CD + 1 **Remittance Date** – Final Loading Evidence faxed or emailed to t2e by 12.00. Contract Proceeds sent by BACS to Seller. Remittance advice faxed to Seller.

CD + 3 **Completion Day** – Date cleared funds received by Selling Counterparty.

CD + 5 to CD + 50 **Deposit Return Day** – Deposit returned to Buyer and Seller subject to any RP Dispute. Remittance advice faxed to both counterparties showing, as appropriate, deductions or additions to Deposit consequence of any RP Dispute.

In the event that Deferred Settlement Terms are agreed the Deposit Due Date, the issue of the Settlement Advice Fax, The Collection Week, the arrangement of Collection Time(s), the provision of Loading Evidence and the raising of any RP Dispute stay the same as in this delivery timetable. The Settlement Date and the Remittance Date as appropriate are deferred by the period agreed in the terms.

EE.3.3.D RP Market Fees and Interest Rates

EE.3.3.D.1 The following fees will be payable in relation to the RP Market:-

Rule	Nature of Fee	Amount
EE.1.3.4	Annual Participation Fee	£1,000.00
EE.1.7	Trading Fee: RPs at £5 per tonne or above RPs at less than £5 per tonne ¹	£0.50 per RP tonne £0.25 per RP tonne
EE.2.18.2	Issue of Late Delivery or Settlement Warning Fax, Late Delivery or Settlement Letter or Certificate	

	of Failed Delivery or Settlement	£25.00 per item
EE.3.3.A.5.6	Costs of arbitration	£300.00 per day plus all relevant expenses

¹A minimum trading fee of £10.00 shall apply to trades in RP.

Participants should note that all fees are exclusive of VAT which will be payable by the Buying Counterparty and the Selling Counterparty at the then applicable rate. The shall issue to the Participants as appropriate a valid receipted VAT invoice.

EE.3.3.D.2

The interest rates applicable to the RP Market are as follows:-

Rule	Nature of Payment	Rate applicable
EE.2.10.3	Interest on Deposit	0.5% below Bank of England base rate
EE.2.10.6	Bond	0.5% below Bank of England base rate
EE.2.18.1	Late Payment	8% above Bank of England official dealing rate