

NOTICE

SA CORPORATE REFERENCE N°: 2015-111



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Subject	Delivery procedure applied to residential wood pellets future contract
Market	Derivatives (commodities)

DELIVERY PROCEDURE APPLIED TO RESIDENTIAL WOOD PELLETS FUTURE CONTRACT

Pursuant to Instruction III.4-4, related to the delivery of commodity contracts, this Notice sets forth the operational details and specificities applied to the delivery of wood pellets.

1 – RELEVANT APPLICABLE TRADING TERMS AND CONDITIONS AND INCOTERMS

Trading Terms and Conditions	ENplus Quality Certification Scheme for Wood Pellets Handbook adopted by the European Pellet Council, (“ENplus Handbook”)
Incoterm	FOB (Free on Board) Barge
Commodity transfer	Annex C only (“FOB Annex”) of the Individual Biomass Contract adopted by the European Federation of Energy Traders (EFET) whose registered office is established in The Hague (the Netherlands)

2 – TERMS APPLICABLE TO THE TRANSFER OF OWNERSHIP AND TRANSFER OF RISKS

The transfer of risks is governed by the FOB Incoterm and the relevant applicable Trading Terms and Conditions.

The transfer of ownership shall pass from the selling Clearing Member to the buying Clearing Member when the transfer of the bill of lading from the selling Clearing Member to the buying Clearing Member occurs.

3 – CONTRACT’S UNDERLYING SPECIFICATIONS

This section aims to present the standard quality of residential wood pellets, which is defined by Euronext Paris S.A. within the residential wood pellets future contract’s specifications.

The residential wood pellets future contract underlying must be residential wood pellets produced from stem wood or chemically untreated residues from the wood processing industry, ENplus A1 certified, in line with latest version applicable of the ENplus Handbook.

The residential wood pellets shall be compliant with EU legislation and shall meet the quality requirements as specified in this section.

Each contract shall be for one or more lots for the delivery month specified. A lot shall be for an amount of residential wood pellets having a nominal net weight of 25 (twenty-five) tons of homogeneous quality, exempt from all duties and taxes, made available in bulk.

The residential wood pellets delivered shall be free of all liens and claims of any kind and shall be freely available for delivery within the European Union and meet the following specifications:

a) Physical parameters and properties

Diameter	6 mm \pm 1 mm
Length	3.15 mm minimum, 40 mm maximum
Moisture content	10% maximum as received
Ash content	0.7% maximum, dry basis at 550°C
Mechanical durability	98% minimum as received
Fines (<3.15 mm)	basis 4%, maximum 6% as received
Net calorific value	4.6 kWh/kg (16.5 MJ/kg) minimum as received
Bulk density	600 kg/m ³ minimum, 750 kg/m ³ maximum as received

b) Chemical Analysis

Nitrogen content	0.3% maximum dry basis
Sulphur content	0.04% maximum dry basis
Chlorine content	0.02% maximum dry basis
Ash deformation temperature	1200° C minimum, the ash used for the measurement is produced at 815 °C
Additives	2% maximum, the type (material and trade name) and quantity have to be documented, compliant with the latest version of ENplus Handbook

c) Certifications

The selling Clearing Member must hold a valid ENplus A1 certificate, which includes the certification of the pellet producers, the certification of the pellet trader(s) and the certification of the service provider(s), if any. The bill of lading shall also mention that the product is “ENplus A1” certified.

4 – DELIVRABLE QUALITY

The deliverable quality of the commodity is set out by Euronext Paris S.A. within the residential wood pellets future contract’s specifications, and defined in Chapter 3 of this Notice.

When the quality of the commodity to be transferred does not conform to one of the conditions set out in Chapter 3 of this Notice, the commodity cannot be delivered in performance of the residential wood pellets future contract and the selling Clearing Member will be deemed to be in default.

The deliverable quality may be modified by decision of Euronext Paris S.A., but only in respect of contract months for which there are no Open Positions.

5 – LIST OF REQUIRED DELIVERY DOCUMENTS

D refers to the contract's Expiry which corresponds to the last Trading Day preceding the delivery month.

	List of required delivery documents	Main features	Timetable to send document to LCH.Clearnet SA
Contract on residential wood pellets	Notification notice	The notification notice enables the selling Clearing Member to advise LCH.Clearnet SA about its intent to deliver the number of contracts involved and the delivery port and the terminal port where the delivery will take place.	D+1
	Delivery notice	The delivery notice embodies the commitment by the selling Clearing Member to deliver the specified quantity of contracts and by the buying Clearing Member to take delivery of the corresponding commodity at the place specified. It also enables the selling Clearing Member to inform the buying Clearing Member of the loading point (port terminal) for the goods.	D+3
	Notice of performance	The buying Clearing Member and the selling Clearing Member acknowledge by signing the notice of performance, the fulfilment of their reciprocal obligations.	<p><u>Either in case of alternative delivery procedure:</u> In D+3 before 3:00 p.m. CET upon an amicable agreement between the buying Clearing Member and the selling Clearing Member who both agree to depart from LCH.Clearnet SA guarantee and opt for the alternative procedure;</p> <p><u>Either in case of CCP delivery procedure:</u> After fulfilment of buying Clearing Members and selling Clearing Members reciprocal obligations as part of the CCP delivery procedure.</p>

6 – PRELIMINARY STEPS TO DELIVERY

6.1 – Monitoring of Positions

Pursuant to the Instruction III.4.4, Clearing Members must net/offset their Open Positions on a daily basis.

Starting on the twelfth Trading Day before the Expiry (D-12), and when the authorised Open Position limits are exceeded, Clearing Members must provide LCH.Clearnet SA with a detailed statement of the net Positions of their order-givers.

6.2 – Minimum quantity eligible for delivery

The minimum quantity eligible to delivery is set up at 20 lots (or 500 metric tons) of wood pellets by port terminal.

Consequently, any Clearing Member having a selling Open Position lower than 20 lots (or 500 metric tons) on the Trading Day before the Expiry (D-1) at 03.00 p.m. CET is deemed to be in default.

In such a case, any selling Open Position lower than 20 lots shall be liquidated according to the following steps:

- Firstly, the Clearing Member holding a selling Open Position lower than 20 lots must liquidate such selling Open Position by the end of the Trading Day before the Expiry (D-1) at 06.30 p.m. CET.
- Secondly, on the Expiry (D) at 10.30 a.m. CET, if the Clearing Member has failed to liquidate such selling Open Position, LCH.Clearnet SA is entitled to liquidate such selling Open Position.

6.3 - Expiry

Pursuant to the Instruction III.4.4, after the Expiry (D), any Open Position will result in delivery of residential wood pellets or payment of amount due.

On the Trading Day before the Expiry (D-1) at 03.00 p.m. CET, only selling Open Positions equal or greater than 20 lots are eligible to delivery.

6.4 - Notification notice:

Pursuant to the Instruction III.4.4, the selling Clearing Member, for its own account or for the account of its order-givers, sends LCH.Clearnet SA a notification notice on the Trading Day following the Expiry (D+1) by 10.30. a.m. CET.

This notification notice is sent by hand, email or faxed with a simultaneous registered letter sent to the attention of “LCH.Clearnet SA – Operation Department”.

The notification notice, which must conform to the standard form established by LCH.Clearnet SA (see Appendix 2 Document A), specifies:

- the selling Clearing Member’s name and seal;
- the origin (house or client);
- the delivery port ;
- the loading point (port terminal)
- the delivery month;
- the number of lots;
- the corresponding quantity delivered;
- the price per net metric ton delivered;
- that the wood pellets to be delivered are ENplus A1 certified.

The selling Clearing Member prepares a notification notice per origin (house or client) and per port terminal selected among the authorised delivery ports listed in the Euronext Paris S.A. residential wood pellets future contract's specifications and listed by LCH.Clearnet SA in a Notice.

The notification notice delivered by the selling Clearing Member to LCH.Clearnet SA must relate to a minimum quantity of 20 lots (500 metric tons net) per order-giver, otherwise the selling Clearing Member is in default.

Example :

- A seller delivers 20 lots to a port terminal in Rotterdam: 1 notification notice;
- A seller delivers 40 lots to a port terminal in Rotterdam, 20 for the house account and 20 for a client account: 2 notification notices;

6.5 - Reconciliation:

On first Trading Day following the Expiry (D+1):

Pursuant to the Instruction III.4.4, on the first Trading Day following the Expiry (D+1), LCH.Clearnet SA assigns delivery ports and loading points (port terminals) to the buying Clearing Members on a "pro rata basis using the largest remainder rule" (see Appendix 1) after 2.00 p.m. CET, including for the future contracts of selling Clearing Member that did not fulfil the obligations related to the delivery of the notification notice. In that case, LCH.Clearnet SA chooses itself the delivery port and the loading point (port terminal).

Then, the reconciliation of buying Clearing Members with selling Clearing Members takes place per delivery port and loading point (port terminal), in decreasing order according to the number of their respective contracts to be delivered.

The list drawn up is transmitted by fax, by email or by any other means to the Clearing Members involved in the delivery, on D+1 before 3:00 p.m. CET

On second Trading Day following the Expiry (D+2):

Once the matches are communicated, buying Clearing Members have the option of interchanging delivery contracts until D+2 at 3:00 p.m. CET.

Buying Clearing Members can only act on instruction from their order-givers and must immediately confirm to them that the interchange transaction was made.

Both relevant Clearing Members must immediately inform LCH.Clearnet SA of the interchange, by fax or by email, and specify for each interchange the corresponding matching number(s) and the number of contracts in question.

Before 5:30 p.m. CET on D+2, LCH.Clearnet SA publishes the final list of matches, which takes into account the transfers recorded, and faxes or emails to relevant Clearing Members the modifications which concern them.

6.6 - Delivery notice:

Pursuant to the Instruction III.4.4, before 12:00 a.m. CET on D+3 (the third Trading Day following the Expiry), the selling Clearing Member sends a duly completed and signed delivery notice to the buying Clearing Member assigned to it.

This delivery notice specifies:

- the matching number assigned by LCH.Clearnet SA;
- the names and seals of the selling Clearing Member and the buying Clearing Member;
- the Expiry;
- the corresponding quantity delivered;
- the delivery port;
- the loading point (port terminal);

- the identity of the order givers of the buying Clearing Member and the selling Clearing Member;
- that the wood pellets to be delivered are ENplus A1 certified.

It must conform to the standard document established by LCH.Clearnet SA (see Appendix 2 Document B).

The selling Clearing Member prepares for each buying Clearing Member one delivery notice per origin type (own account or client) and per delivery port and loading point (port terminal).

The data mentioned by the selling Clearing Member on the delivery notice must conform to the data previously mentioned in the notification notice. Moreover, the selling Clearing Member must mention in the delivery notice the identity of the order-givers and the respective quantities delivered by each of them.

Any buying Clearing Member must accept the delivery notice sent by the counterparty that has been assigned.

Before 3:00 p.m. CET on D+3, the buying Clearing Member holding a delivery notice has the possibility either to send it to LCH.Clearnet SA, bearing its acceptance, or to send a copy of it by fax or email with a simultaneous original sent by registered letter to the attention of "LCH.Clearnet SA – Operations Department".

On D+3, the buying Clearing Member must send a copy of the delivery notice to the selling Clearing Member so as to inform him of the matches between order-givers.

7 – THEORITICAL TIMETABLE FOR DELIVERY

Pursuant to the Instruction III.4.4, for the residential wood pellets future contracts, the selling Clearing Member and buying Clearing Member can opt between the two following delivery procedures:

- **A CCP delivery procedure** (also known as "MATIF guarantee") as referred to in article 3.4.1.11 of the Clearing Rule Book, whereby LCH.Clearnet SA guarantees Clearing Members of the final settlement of the Transactions registered in their name, namely the delivery of goods and payment of amount due.
- **An alternative delivery procedure**, whereby, in the case of amicable agreement on the delivery terms, the selling Clearing Member and the buying Clearing Member can depart from the CCP delivery procedure.

The following tables provide the relevant theoretical timetable applicable to each delivery procedure.

The Expiry takes place on the last Trading Day of the calendar month preceding the first Trading Day of the Delivery Period, whereby:

- Delivery Period means the period commencing on and including the first Trading Day of the delivery month, up to and including the last Trading Day of the delivery month, extended by, where applicable for the port in question, the number of days the port is officially closed, except public holidays;
- delivery month means each month specified as such by Euronext Paris S.A;
- Trading Day means any day on which the relevant markets are open for trading.

Delivery takes place during the Delivery Period according to the theoretical timetable below:

Hereunder:

- D or the Expiry, is the last Trading Day of the calendar month preceding the delivery month (also known as "contract's expiry day") and
- D0 is the loading date or delivery day.

COMMON PROVISIONS TO BOTH ALTERNATIVE DELIVERY PROCEDURE AND CCP DELIVERY PROCEDURE	
Upon registration in the Position Account:	<ul style="list-style-type: none"> • Clearing Members must net/offset their Open Positions on a daily basis
From the 12th Trading Day before D (D-12) until D:	<ul style="list-style-type: none"> • Monitoring of Positions: when the authorised Open Positions limits are exceeded, Clearing Members must provide LCH.Clearnet SA with a detailed statement of the net Positions of their order-givers.
On the Trading Day before the Expiry (D-1) at 03.00 p.m. CET:	<ul style="list-style-type: none"> • Minimum quantity eligible for delivery: Deadline for selling Clearing Members for closing or increasing any selling Open Position lower than 20 lots
D (last Trading Day):	<p>Expiry:</p> <ul style="list-style-type: none"> • Expiry of trading for the deliverable month. • Only selling Open Positions equal or greater than the minimum quantities are eligible for delivery. • LCH.Clearnet SA integrates the Settlement Price received from the Market Undertaking into its clearing system. • LCH.Clearnet SA clears Open Positions at the Settlement Price.
<p>D + 1 Trading Day:</p> <p>Before 10:30 a.m. CET:</p> <p>After 2:00 p.m. CET:</p> <p>Before 3:00p.m. CET</p>	<p>Initial matching between buying Clearing Members and selling Clearing Members:</p> <ul style="list-style-type: none"> • Selling Clearing Members submit notification notices (indicating number of lots, delivery ports and loading points ie. port terminal) to LCH.Clearnet SA. • LCH.Clearnet SA assigns notification notices to buying Clearing Members and matches buying Clearing Members and selling Clearing Members. • LCH.Clearnet SA delivers to the Clearing Members a temporary matching notice by fax, email or any other means.

<p>D+2 Trading Days:</p> <p>Before 3:00 p.m. CET</p> <p>Before 5:00 p.m. CET</p>	<p>Exchange of delivery ports and port terminals between buying Clearing Members and final matching between buying Clearing Members and selling Clearing Members:</p> <ul style="list-style-type: none"> • Possible private agreements among buying Clearing Members to exchange contracts for delivery. • Buying Clearing Members confirm exchanges to LCH.Clearnet SA. • LCH.Clearnet SA communicates final matches of buying Clearing Members and selling Clearing Members.
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On D+3 Trading Days, buying Clearing members and selling Clearing Members decide which delivery procedure they would like to follow, either the alternative delivery procedure or the CCP delivery procedure (“MATIF delivery procedure”).

IN CASE OF ALTERNATIVE DELIVERY PROCEDURE	
<p>D + 3 Trading Days:</p> <p>Before 12:00 a.m. CET</p> <p>Before 3:00 p.m. CET</p> <p>After 3:00 p.m. CET</p> <p>Upon the reception of the notice of performance duly fulfilled and signed by the selling Clearing Member and the buying Clearing Member</p>	<ul style="list-style-type: none"> • Selling Clearing Members forward to buying Clearing Members : <ul style="list-style-type: none"> - completed and signed delivery notices, and - completed and signed notices of performance. • Buying Clearing Members submit to LCH.Clearnet SA: <ul style="list-style-type: none"> - completed and signed delivery notices, and - completed and signed notices of performance. • First possible day for buying Clearing Members to submit buying Clearing Member’s loading provisory notice to selling Clearing Members. • LCH.Clearnet SA closes the Open Positions related to the matching number referenced in the notice of performance.

In case the notice of performance is not received by LCH.Clearnet SA on D+3 before 03:00 p.m. CET, the CCP delivery process will apply. In case of CCP delivery procedure, LCH.Clearnet SA closely follows the delivery of goods all along the delivery process taking place during the delivery month.

IN CASE OF CCP DELIVERY PROCEDURE	
<p>D + 3 Trading Days:</p> <p>Before 12:00 a.m. CET</p> <p>Before 3:00 p.m. CET</p>	<ul style="list-style-type: none"> • Selling Clearing Members forward delivery notices to buying Clearing Members: <ul style="list-style-type: none"> - a completed and signed delivery notice. • Buying Clearing Members submit to LCH.Clearnet

<p>After 3:00 p.m. CET</p>	<p>SA:</p> <ul style="list-style-type: none"> - a completed and signed delivery notice. <ul style="list-style-type: none"> • First possible day for buying Clearing Members to submit a loading provisory notice to selling Clearing Members.
<p>Last Trading Day of the Delivery Period less 5 Trading Days (or previous Trading Day if this day is not a business day¹ at the port of delivery)</p>	<ul style="list-style-type: none"> • Last day for the buying Clearing Member to submit loading provisory notice to the selling Clearing Member.
<p>Delivery Day(s) (D0) – 5 Trading Days: By 4:00 p.m. CET</p>	<ul style="list-style-type: none"> • The buying Clearing Member informs the selling Clearing Member and LCH.Clearnet SA of the date and time at which the buying Clearing Member's transport shall be presented in readiness for loading to commence via a loading provisory notice. Such date and time being within normal business hours on a business day in the country of loading. In the event of multiple deliveries, the buying Clearing Member must present transport such as to effect a continuous process of loading.
<p>D + 3 Trading Days + 5 Trading Days</p>	<ul style="list-style-type: none"> • First possible Delivery Day (D0)
<p>Last Trading Day of the Delivery Period (or previous Trading Day if this day is not a business day at the port of delivery)</p>	<ul style="list-style-type: none"> • Last possible Delivery Day (D0)
<p>Delivery Day (D0) (calendar day)</p>	<ul style="list-style-type: none"> • Delivery shall take place on this day, between the selling Clearing Member and the buying Clearing Member according to the date and time defined in the loading provisory notice defined above, • Loading of the goods, • Laboratories can draw and analyse samples of the residential wood pellets, at the buyer's request

8 – DELIVERY

The provisions of this Chapter apply to the Clearing Members opting for the CCP delivery procedure only.

Pursuant to the Instruction III.4.4, the CCP delivery procedure applies to buying Clearing Members and selling Clearing Members, irrespective of the delivery port selected and the local business practices.

¹ Business day shall mean any day on which the delivery port where the loading takes place is opened and permits the loading of the goods, according to the standard practices of this delivery port.

Buying Clearing Members and selling Clearing Members are fully responsible for the delivery operations that relate to the contracts recorded in their accounts. They are responsible for the periods of loading, notice, payment and for their obligations on the futures market, whatever the transactions of their order-givers on the cash market upstream and downstream.

The delivery of residential wood pellets takes place in one of the delivery port listed in the Euronext Paris S.A. residential wood pellets future contract's specifications and listed by LCH.Clearnet SA in a Notice.

8.1 - Buying Clearing Member's loading provisory notice

The date of loading is set by the buying Clearing Member after the delivery notice has been completed, signed and sent to LCH.Clearnet SA.

The buying Clearing Member is responsible for the operations of loading with the means of transport (barges, vessels, lighter) made available by the selling Clearing Member on the agreed loading date and at the agreed loading point (port terminal).

The buying Clearing Member shall send to the selling Clearing Member a loading provisory notice at least five (5) Trading Days prior to the delivery, in order to make the necessary means of transport available for loading.

The buying Clearing Member sends the valid loading provisory notice directly to the selling Clearing Member and informs LCH.Clearnet SA by fax or by email. To be effective, the selling Clearing Member must receive the loading provisory notice for loading on a business day.

At the earliest, the buying Clearing Member may submit this loading provisory notice to the selling Clearing Member as of the third Trading Day following the Expiry (D+3) after 3:00 p.m. CET, so that it becomes effective the next Trading Day.

At the latest, the buying Clearing Member may submit this loading provisory notice to the selling Clearing Member five (5) Trading Days before the last Trading Day of the Delivery Period so that the loading provisory notice can become effective, on the fifth Trading Day preceding the last day of the Delivery Period or the previous Trading Day if it is not a business day at the port of delivery.

The loading provisory notice designates the specific day on which loading takes place. However:

- a buying Clearing Member that receives a large quantity of goods can start loading on the specified date and complete it on the following day(s);
- special conditions can at all times be negotiated between the two parties if these procedures conform with the relevant local trading terms and conditions enforceable in the delivery port.

Furthermore, the loading provisory notice can specify TBN ("To be nominated") instead of the name of the lighter for as long as this practice is mentioned in the above mentioned local trading terms and conditions enforceable in the delivery port and by the relevant jurisdiction. Changes in the lighter used are subject to the same conditions as those governing the use of the term TBN.

The loading must begin on the business day on which the lighter is made available, at the latest the last Trading Day, inclusive, of the Delivery Period, but in any event, on a business day. This business day is determined according to the standard practices of the port of delivery. In any case, the loading must take place during the Delivery Period and no extension is allowed.

8.2. – Loading of residential wood pellets

Delivery shall take place at a delivery port within one of the delivery ports included on the list from time to time published by Euronext Paris SA and listed by LCH.Clearnet SA in a Notice, which shall apply to such delivery months specified in the notice as Euronext Paris SA may determine.

Euronext Paris SA may from time to time list or de-list a delivery port, which change shall apply only to contract months for which there are no Open Positions. As an exception, for Contract months that are more than two years ahead, Euronext Paris SA may from time to time list or de-list an approved delivery port which shall have such effect with regard to existing or new Contracts or both as Euronext Paris SA may determine in collaboration with LCH.Clearnet SA. Any such determination will be subject to prior consent from LCH.Clearnet SA and will be notified to Members by means of a Notice or otherwise as Euronext Paris SA may direct.

The residential wood pellets shall be loaded with the following provisions:

- the selling Clearing Member shall load each lot of residential wood pellets onto the buying Clearing Member's transport at a rate of no less than 40.000 tons for 4 business days, during the normal business hours of each business day in the country of loading with such loading to commence and finish within a four hour delivery window commencing on the date and time detailed in the loading provisory notice made by the buying Clearing Member five (5) Trading Days prior to delivery;
- the selling Clearing Member is liable to pay any additional waiting charges or demurrage rates incurred by the buying Clearing Member in the event that a lot of residential wood pellets is loaded at a rate of less than 40.000 tons for 4 business days within the allotted four hour delivery window during the normal business hours of each business day in the country of loading. Such additional waiting charges or demurrage rates shall be equal to those detailed in the contract between the buying Clearing Member and the carrier of the buying Clearing Member's goods with the rate of additional charges being declared by the buying Clearing Member to the selling Clearing Member no later than 24 hours prior to the commencement of loading;
- in the event that the buying Clearing Member's transport is not present and/or ready to load in accordance with the loading provisory notice made by the buying Clearing Member five (5) Trading Days prior to delivery, then for each hour of delay incurred during the normal business hours of each business day in the country of loading, the selling Clearing Member may charge the buying Clearing Member a penalty that is equivalent to the rate of additional waiting charges or demurrage rates as detailed in the contract between the buying Clearing Member and the carrier of the buying Clearing Member's goods.
- the selling Clearing Member shall ensure that loading complies with local safety regulations.
- other terms pertaining to loading shall be in accordance with the contract between the buying Clearing Member and the carrier of the buying Clearing Member's goods.

8.3 – Role of authorisers companies

The list of approved authorisers companies ("testing bodies") and the conditions they must fulfill are set out by the EPC on the ENplus website (<http://www.ENplus-pellets.eu/production/testing-bodies/>).

The buying Clearing Member may, at its own expense, appoint a recognised authoriser company listed in the list mentioned above. Such appointment shall take place on the loading day of the residential wood pellets.

Authorisers companies act at the request of Clearing Members, inter alia by sampling, weighing and checking quantities delivered.

During loading, the authoriser company verifies that the goods are of deliverable quality by ensuring that they are sound, fair and merchantable, judging by smell, appearance and weight.

After loading has been completed and checked, the authoriser company submits a report to the Clearing Members. This report describes, *inter alia*, the results of the readings taken for each of the criteria.

If, during or after loading, the authoriser company observes that the goods do not comply with the criteria set forth in the technical specifications of the residential wood pellets futures contract, the selling Clearing Member shall immediately fax or email this information to the buying Clearing Member and LCH.Clearnet SA.

In this case, unless the delivered goods are replaced immediately by residential wood pellets of deliverable quality or correct weight, the selling Clearing Member shall be in default. All additional expenses caused by the replacement of goods shall be borne by the selling Clearing Member.

Authorisers companies directly invoice buying Clearing Members and selling Clearing Members for their services.

8.4 – Role of analysis laboratories

“Testing bodies” above mentioned and listed on the ENplus website (<http://www.ENplus-pellets.eu/production/testing-bodies/>) may also act as analysis laboratories.

The buying Clearing Member may, at its own expense, appoint a recognised independent laboratory listed in the list mentioned above, to control that the quality of the residential wood pellets delivered complies with the deliverable quality mentioned in Chapter 4 of this Notice

Such appointment shall take place on the loading day of the residential wood pellets. The buying Clearing Member shall, upon the appointment of a laboratory, notify the selling Clearing Member of such appointment.

If either party has a claim or wishes to bring a claim, as to the quality or weight of the residential wood pellets, it may refer such claim in accordance with the dispute settlement clause mentioned in Euronext Paris SA’s residential wood pellets future contract specifications.

9 – CASH PAYMENT

The provisions of this Chapter 9 apply to the Clearing Members opting for the CCP delivery procedure only.

Pursuant to Instruction III.4.4, the amount corresponding to the value of the goods is paid between the buying Clearing Member and the selling Clearing Member, on a one step invoicing process as described hereafter.

9.1 - Payment for goods

The selling Clearing Member draws up for the buying Clearing Member the invoice which amount corresponds to the value of the goods actually delivered, valued at standard quality and at the Settlement Price fixed by LCH.Clearnet SA, taking also into account the application of any applicable increases or decreases, in accordance with the relevant local trading terms enforceable in the delivery port where the delivery took place and with the Euronext Paris S.A. residential wood pellets future contract’s specifications, at the latest on the third consecutive Trading Day following :

- the receipt of the results of laboratories analysis if a laboratory is appointed by the buying Clearing Member,
- or
- the loading of goods and the receipt of the ENplus A1 certifications mentioned on Chapter 3, if the buying Clearing Member does not appoint a laboratory.

The price of the goods may be increased or reduced as follows, depending of the quality delivered as attested by the laboratory analysis if a laboratory is appointed by the buying Clearing Member:

- Where the fines percentage exceeds 4%, the excess of fines over 0,5% will give rise to a corresponding decrease in the price of the goods by 0,5% per each 0,5 % increase in the fines percentage; the maximum being 6% fines (over 6%, the residential wood pellets do not comply with the deliverable quality)
- Where the fines percentage is lower than 4%, the reduction of fines over 0,5 % will give rise to a corresponding increase in the price of the goods by 0,5 % per each 0,5 % decrease in the fines percentage.

Inspections of quality and/or composition shall be conducted in accordance with the methods prescribed by the EPC at the time of the inspection if no other methods are agreed upon.

This invoice may also include expenses incurred by a delay by either party at the delivery, in accordance with the procedure in case of delivery failure, as defined in this Notice and by any demurrage rates.

To be accepted by the buying Clearing Member, the invoice must enclose the original bill of lading.

The buying Clearing member must pay the selling Clearing Member, at the latest, for value on the third Trading Day following the day on which the invoice is received.

9.2 – Delivery of the notice of performance

When the contract is performed and the final sums owed actually paid, the selling Clearing Member transmits to the buying Clearing Member a duly signed and completed notice of performance, which the buying Clearing Member then forwards to LCH.Clearnet SA after having countersigned it (see Appendix 2 Document C).

The receipt of the notice of performance bearing the signature and seal of the buying Clearing Member and selling Clearing Member attests to the proper performance of their reciprocal obligations to the contract and terminates the LCH.Clearnet SA's role as central counterparty and LCH.Clearnet SA's guarantee of final settlement.

The notice of performance must relate to one only matching number assigned by LCH.Clearnet SA.

10 –MARGINS

10.1 – Chronological schedule for Margin calls:

In what follows, D (the Expiry of the contract) is the last Trading Day of the calendar month preceding the delivery month.

COMMON PROVISIONS TO BOTH ALTERNATIVE DELIVERY PROCEDURE AND CCP DELIVERY PROCEDURE	
From the 12th Trading Day before D until the Trading Day preceding the Expiry (D-12 to D-1):	<ul style="list-style-type: none"> • Buying Clearing Member and selling Clearing Member submit the "Delivery Month Charge" (or spot month charge) to LCH.Clearnet SA
D (last Trading Day) or Expiry:	<ul style="list-style-type: none"> • Expiry • LCH.Clearnet SA nets buying Clearing Members' and selling Clearing Members' Open Positions at the Settlement Price

	<ul style="list-style-type: none"> • Margin calculation and call for Open Positions on the basis of the Settlement Price • Buying Clearing Member and selling Clearing Member submit the "Close to Expiry" margin to LCH.Clearnet SA
D + 1 Trading Day:	<ul style="list-style-type: none"> • Buying Clearing Member and selling Clearing Member submit the "Close to Expiry" margin to LCH.Clearnet SA • Payment of Variation Margin on the basis of the Settlement Price
D + 2 Trading Days:	<ul style="list-style-type: none"> • Buying Clearing Member and selling Clearing Member submit the "Close to Expiry" margin to LCH.Clearnet SA
D + 3 Trading Days: Before 3.00 p.m. CET	<ul style="list-style-type: none"> • Buying Clearing Member and selling Clearing Member submit the "Close to Expiry" margin for each Open Position to LCH.Clearnet SA

IN CASE OF ALTERNATIVE DELIVERY PROCEDURE	
D + 3 Trading Days: Before 3.00 p.m. CET	<ul style="list-style-type: none"> • Receipt of the notice of performance duly fulfilled and signed by both buying Clearing Member and selling Clearing Member, which acknowledges the fulfilment of their reciprocal obligations, and therefore the end of LCH.Clearnet SA CCP guarantee of final settlement.
D + 4 Trading Days:	<ul style="list-style-type: none"> • "Close to Expiry" Margin is returned by LCH.Clearnet SA

In case the notice of performance is not received by LCH.Clearnet SA on D+3 before 03:00 p.m. CET, the CCP delivery process will apply.

IN CASE OF CCP DELIVERY PROCEDURE	
D + 3 Trading Days: Before 3:00 p.m. CET After 3:00 p.m. CET	<ul style="list-style-type: none"> • Buying Clearing Members and selling Clearing Members do not submit the notice of performance to LCH.Clearnet SA. • LCH.Clearnet SA calls for payment of the delivery management fee. • Buying Clearing Members and selling Clearing Members pay delivery Margins deposit to LCH.Clearnet SA

D + 4 Trading Days:	<ul style="list-style-type: none"> • “Close to Expiry” Margin is returned by LCH.Clearnet SA
D + n Trading Days (and no later than the last Trading Day of the month after the Expiry month).	<ul style="list-style-type: none"> • Receipt of the notice of performance duly fulfilled and signed by both buying Clearing Member and selling Clearing Member, which acknowledges the fulfilment of their reciprocal obligations, and therefore the end of LCH.Clearnet SA CCP guarantee of final settlement.
D + n+1 Trading Day	<ul style="list-style-type: none"> • Delivery Margin is returned by LCH.Clearnet SA

10.2 – Delivery month charge (also known as spot month charge)

Starting on the twelfth Trading Day preceding the Expiry (D-12), assuming that this day is a Trading Day, or, if not, on the next Trading Day, and until the Trading Day preceding the Expiry (D-1), LCH.Clearnet SA calls for a delivery month charge.

10.3 - Close to Expiry Margin

Starting on the Expiry (D) and until the third Trading Day following the Expiry included (D+3), LCH.Clearnet SA calls for "close-to-expiry" Margin, according to the conditions set out in the Instruction III.4.4 applicable to the delivery of future commodity contracts.

10.4 - Delivery Margin and supplementary delivery Margin

Delivery margin and any supplementary delivery margin are called according to the conditions set out in the Instruction III.4.4, dedicated to the delivery of all future commodities contracts.

10.5 – Delivery management fee

In the absence of a notice of performance duly fulfilled and signed before 3.00 p.m. CET, on the third Trading Day following the Expiry (D+3), LCH.Clearnet SA debits buying Clearing Member and selling Clearing Member on D+3 after 3.00 p.m. CET for a delivery management fee for each contract that gives rise to a matching.

11 – FAILURE TO DELIVER

The provisions of the Instruction III.4.4, related to the procedure in case of delivery failure of Clearing Member, are fully applicable to the delivery of residential wood pellets future contract. Complementary to Instruction III.4.4, this Chapter aims to define the specific provisions applicable in case of failure to deliver on a residential wood pellets future contract.

11.1 – Failure of the selling Clearing Member during the Delivery Period (i.e. after the contract’s Expiry D)

A - Conditions under which a selling Clearing Member is deemed to be in default:

In addition to the provisions related to the delivery default defined in the Instruction III.4.4 applicable to the delivery of all commodity contracts, the following provision specifically applies to the residential wood pellets future contract.

If, on the loading day for which loading provisory notice has been given, the selling Clearing Member is unable to load the goods, the selling Clearing Member is liable for the proven expenses entailed by the said delay. Calculation of the said expenses begins on the 1st calendar day following the day for which provisory loading notice has been given.

Nevertheless, the selling Clearing Member has an additional period to deliver the goods, which may be no more than ten (10) calendar days, and which may not, in any case, extend beyond the end of the delivery month.

The selling Clearing Member is in default if the above-mentioned deadlines are not met.

B – Procedure in case of delivery default

In addition to the provisions related to the delivery default defined in the Instruction III.4.4 applicable to the delivery of all commodity contracts, the following provision specifically applies to the residential wood pellets future contract.

Complementary to article 5.2.3-2 of the Instruction III.4.4, the operations to buy the residential wood pellets on the physical market must be carried out within seven (7) Trading Days following the authorisation granted by LCH.Clearnet SA to the buying Clearing Member.

C – Procedure in case the goods do not comply with the deliverable quality:

If the goods, after analysis, do not comply with the quality of deliverable goods as specified in chapter 4 of this Notice and in the residential wood pellets future contract specifications, the selling Clearing Member is in default.

LCH.Clearnet SA retains the financial guarantees of the buying Clearing Member and of the selling Clearing Member:

- until submission of the notice of performance, after amicable agreement between the parties, or after settlement of the dispute before the court enjoying jurisdiction;
- and until payment by the selling Clearing Member of a penalty which amount depends on the amicable agreement made between the parties or the decisions of the concerned court called to settle the dispute. For the avoidance of doubt, the costs of analysis of the goods paid by the buying Clearing Member shall be reimbursed by the selling Clearing Member.

11.2 – Failure of the buying Clearing Member during the Delivery Period (i.e. after the contract's Expiry D)

A - Conditions under which a buying Clearing Member is deemed to be in default:

If the designated vessel does not appear at the dock on the day indicated in the provisory loading notice, or if it is not, in a position and/or in condition to be loaded, the buying Clearing Member pays the documented expenses resulting from this delay. The calculation of these expenses begins on the 1st calendar day following the date given in the advance notice.

Nevertheless, the buying Clearing Member has an additional period for taking delivery of the goods, which may be no more than ten (10) calendar days, and which may not, in any case, extend beyond the end of the Delivery Period.

The buying Clearing Member is in default if the above mentioned deadlines are not met.

B – Procedure in case of delivery default

In addition to the provisions related to the delivery default defined in the Instruction III.4.4 applicable to the delivery of all commodity contracts, the following provision specifically applies to the residential wood pellets future contract.

Complementary to article 5.2.2-2 of the Instruction III.4.4, the operations to sell the residential wood pellets on the physical market must be carried out within seven (7) Trading Days following the authorisation granted by LCH.Clearnet SA to the selling Clearing Member.

12 - FORCE MAJEURE

The provisions of the Instruction III.4.4, related to the procedure in case of Force Majeure are fully applicable to the delivery of residential wood pellets future contract.

Pursuant to article 1.3.3.12 of the Clearing Rule Book related to Force Majeure, the following provisions set forth the procedures under which a party can invoke Force Majeure, and the principles governing its resolution.

The party invoking Force Majeure as a hindrance to delivering or receiving all or part of the merchandise shall immediately send a fax or an email to its counterparty and to LCH.Clearnet SA explaining the nature of such hindrance, its likely duration and the tonnage concerned.

When the hindrance ceases to exist, the party invoking Force Majeure shall inform the counterparty and LCH.Clearnet SA thereof by fax or email within two (2) Trading Days.

In the event of disagreement concerning the nature of the event and/or the duration of the hindrance, the parties can bring the matter before the competent jurisdiction.

If the competent jurisdiction reaches a final decision that a party has wrongly invoked Force Majeure, such party shall be deemed to have failed to perform its obligation. In such a case, the provisions herein shall be superseded by the provisions related to procedures in case of delivery failure. The calculation of the penalty is made for the performance period, extended by the extensions wrongly obtained by the defaulting party.

In case of unforeseeable events preventing definitively the delivery of the goods, the contract will be terminated for the quantity to be executed.

If the event is temporarily (strike, lock-out, temporarily impossibility to load, etc.),

- the periods to make the goods available or the transfer of possession are then extended, without any claim for penalty or raise in price being admitted until the third Trading Day following the end of the said hindrances. In accordance with the Trading Terms and Conditions, this extension may not exceed 30 calendar days;
- the transfer of goods will be extended to the first Trading Day following the end of this hindrance and the payment deadlines and the remittance of documents will be extended accordingly.

If the hindrance exceeds the last Trading Day of the delivery month, as extended, the contract shall be terminated for the quantity remaining to be executed.

In case of agreement between the parties, and pursuant to the procedures proposed by them, the removal of the goods is done:

- o departure by rail,
- o departure by road,
- o or any other possible means of removal.

In the absence of agreement between the parties, LCH.Clearnet SA may propose the removal of the goods in accordance with the above mentioned procedures.

In such a case, LCH.Clearnet SA indicates the conditions applying to the counterparts in connection with the evacuation means.

If there is no agreement between the parties on the basis of the previous article, the total or partial non performance of the contract due to Force Majeure entails automatically:

- o on one hand, the termination of the said contract to the extent of the quantity not delivered or received ;
- o on the other hand, the financial payment which corresponds to the difference between
 - ✓ the value of the unexecuted quantity at the Settlement Price and

- ✓ the average purchase price of the goods on the cash market, recorded by LCH.Clearnet SA on the last day of the Delivery Period as extended.

This difference is charged by LCH.Clearnet SA to:

- the selling Clearing Member if the average purchase price of the goods on the cash market, recorded by LCH.Clearnet SA on the last day of the Delivery Period as extended, is greater than the Settlement Price;
- the buying Clearing Member if the average purchase price of the goods on the cash market, recorded by LCH.Clearnet SA on the last day of the Delivery Period as extended, is lesser than the Settlement Price;

and is to be paid by LCH.Clearnet SA to the other relevant Clearing Member.

APPENDICES

APPENDIX 1

Method to assign delivery locations to buying Clearing Members and method to match buying Clearing Members and selling Clearing Members

APPENDIX 2

Model documents:

- | | |
|-------------------------|------------|
| - Notification Notice | Document A |
| - Delivery Notice | Document B |
| - Notice of Performance | Document C |

APPENDIX 1

Method to assign delivery locations to buying Clearing Members and method to match buying Clearing Members and selling Clearing Members

A - Assignment of delivery location to buying Clearing Members

Principle

The assignment of delivery locations to buying Clearing Members is carried out on “a pro rata basis” with the remaining contracts allocated, after calculation, to the buying Clearing Member with the largest remaining portion of contracts; the distribution of notification notices carried out in accordance with the Clearing Member’s total share of Open Positions to be delivered.

When several ports have been notified by selling Clearing Members, assignment is done port by port starting with delivery ports that have been assigned the most lots by selling Clearing Members. If the ports have the same capacity, the choice is random. Likewise, in cases where remaining capacity is equal, assignment is done on a random basis.

Example: assignment of 200 lots

- distribution to three ports:

- 85 lots to port 1 terminal A ;
- 70 lots to port 2 terminal B ;
- 45 lots to port 3 terminal C.

- four buying Clearing Members (B1, B2, B3 and B4) having 100, 50, 30 and 20 lots to be delivered, respectively.

	Port 1 terminal A: 85 lots			Port 2 terminal B: 70 lots			Port 3 terminal C: 45 lots
buying Clearing Members	Lots for Purchase	Result after calculation	Final result	Lots for Purchase	Result after calculation	Final result	Final result
B1	100	42.5	42	58	35.304	35	23
B2	50	21.25	21	29	17.652	17+1=18	11
B3	30	12.75	12+1=13	17	10.347	10	7
B4	20	8.5	8+1=9	11	6.695	6+1=7	4

Rules for calculations

Port 1 Terminal A:

B1 is buying a total of 100 lots, i.e. 50% of the total to be delivered (100/200). Consequently, 50% of the lots delivered at port 1 terminal A will be assigned to him:

$$100 / (100+50+30+20)*85 = 42.5$$

Next, the full amount of the result obtained for each buying Clearing Member is retained (42+21+12+8=83) and the last two lots are assigned with one portion going to B3 (the largest

portion going to the buyer taking delivery of the greatest number of contracts) and the other portion assigned randomly to B1 or B4.

Port 2 terminal B:

For the buying Clearing Member B1 the number of lots to take into account is $100 - 42 = 58$.

Port 3 terminal C:

Assignment of the balance remaining.

B - Method of reconciliation of buying Clearing Members with selling Clearing Members

Principle

Once delivery locations have been assigned for delivery of long Open Positions, buying Clearing Members and selling Clearing Members are matched by delivery port and by a given number of lots.

For a given port, matches are calculated by number of lots in decreasing order from the largest buying Clearing Member to the largest selling Clearing Member (the concept of buying Clearing Member/selling Clearing Member should be understood here to be by Clearing Member / each clearing subdivision class). Finally, buying Clearing Members and selling Clearing Members are matched until their lots are exhausted before moving on to the next buying Clearing Member or selling Clearing Member. In the case where two Clearing Members have the same number of lots to match for the same port, priority is given to the first one located in the database.

Example

If we consider port 1 of the previous example, designated by three selling Clearing Members (S1, S2 and S3) for the following quantities:

Selling Clearing Members	Distribution of lots to be delivered (85 lots in total)
S1	40
S2	30
S3	15

The assignment of delivery locations to buying Clearing Members results in the following :

Buying Clearing Members	Distribution of lots to be delivered (85 lots in total)
B1	42
B2	21
B3	13
B4	9

The largest the buying Clearing Member (B1) is matched with the largest selling Clearing Member (S1) for 40 lots and with the second largest selling Clearing Member (S2) for the balance (2 lots). Then, 21 of S2's remaining 28 lots are matched with the second largest buying Clearing Member's total number of remaining lots (21 lots) and the balance with B3 (7 lots). Finally, S3 is matched with B3 (6 lots) and with S4 (9 lots).

Consequently, provisional matches for port 1 are as follows:

Buying Clearing Member	Selling Clearing Member	Number of lots
B1	S1	40
B1	S2	2
B2	S2	21
B3	S2	7
B3	S3	6
B4	S3	9

APPENDIX 2

A – NOTIFICATION NOTICE
B – DELIVERY NOTICE
C – NOTICE OF PERFORMANCE

**LCH.CLEARNET SA
RESIDENTIAL WOOD PELLETS FUTURE CONTRACTS IN EUROS**

NOTIFICATION NOTICE TO LCH.CLEARNET SA

Selling Clearing Member:

Origin:.....
(house or client)

Delivery month:

Number of lots:

Delivery port:

Loading point (port terminal):

Please note that, in order to execute our futures sales contract as mentioned above, we will deliver _____ metric tons of residential wood pellets of any origin in bulk, at the FOB price, stowed, of EUR ____ per metric ton net (reduced, as necessary, by allowances or increased by bonuses).

We also hereby confirm that the residential wood pellets to be delivered are ENplus A1 certified.

This notification notice includes our commitment to strictly conform to LCH.Clearnet SA Clearing Rules.

Signed in(location)
on(date)

Signature and seal of the selling Clearing Member

To be submitted to LCH.Clearnet SA before 10:30 a.m. CET on the first Trading Day following the Expiry

LCH.CLEARNET SA
RESIDENTIAL WOOD PELLETS FUTURE CONTRACTS IN EUROS

DELIVERY NOTICE

Matching number:
(assigned by LCH.Clearnet SA)

From the selling Clearing Member:

Selling Clearing Member order-giver.....

From the buying Clearing Member:.....

Buying Clearing Member order-giver.....

Expiry:

Number of lots:

Delivery port:

Loading point (port terminal):

Please note that pursuant to the Clearing Rules and following the application by LCH.Clearnet SA of our notification notice n°..... dated....., we will deliver to you..... metric tons of residential wood pellets of any origin, in bulk, at the FOB price, stowed, of EUR ____ per metric ton net (reduced, as necessary, by allowances or increased by bonuses).

We also hereby confirm that the residential wood pellets to be delivered are ENplus A1 certified.

This notice includes our commitment to strictly conform to all provisions of LCH.Clearnet SA Clearing Rules.

Date
.....

Date

Signature and seal of Clearing
Member making delivery

Signature and seal of Clearing
Member accepting delivery

Original to be returned to LCH.Clearnet SA by the buying Clearing Member with the signatures and seals of both Clearing Members before 3:00 p.m. CET on the third Trading Day following the Expiry, noting buying Clearing Member's acceptance.

LCH.CLEARNET SA
RESIDENTIAL WOOD PELLETS FUTURE CONTRACTS IN EUROS

NOTICE OF PERFORMANCE

Matching number:
(assigned by LCH.Clearnet SA)

From the selling Clearing Member:

Selling Clearing Member order-giver.....

From the buying Clearing Member:.....

Buying Clearing Member order-giver.....

Expiry:

Number of lots:

Delivery port:

Loading point (port terminal):

The delivery notice for the maturity month of _____, referenced above, involving _____ metric tons of residential wood pellets from the residential wood pellets Futures Contract at the FOB price, stowed, of EUR _____ per metric ton net,

- was duly performed (1)
- was partially performed for tons (1)

- in accordance with LCH.Clearnet SA's delivery procedure (1)
- in accordance with a commercial contract (1) (also known as alternative delivery procedure)

(1) Delete items that do not apply.

We also hereby confirm that the residential wood pellets to be delivered are ENplus A1 certified.

This notice will entail the return of the various margins for the buying Clearing Member accepting delivery and selling Clearing Member making delivery. It discharged LCH.Clearnet SA from organising this delivery and extinguishes the LCH.Clearnet SA guarantee of final settlement.

Date.....

Date.....

Signature and seal of Clearing Member making delivery

Signature and seal of Clearing Member accepting delivery

Original to be returned to LCH.Clearnet SA, with the signatures and seals of the buying Clearing Member and the selling Clearing Member:

- **before 3:00 p.m. CET on the third Trading Day following the Expiry, in case of alternative delivery procedure, or**
- **after the full payment of the goods, in case of CCP delivery procedure.**

If you have any questions and/or remarks,
Please contact: ichclearnetsa_legal@ichclearnet.com