

TO: Clearing Member Firms; Back Office Managers
FROM: CME Clearing
ADVISORY #: 23-166
SUBJECT: **European Union Allowance (EUA) Futures Delivery**
DATE: June 7, 2023

For the recently listed European Union Allowance (EUA) Futures (NYMEX Chapter [1253](#)), delivery shall comply with all requirements for the electronic transfer of allowances on the Union Registry.

The Clearing Member shall be responsible for fulfilling the delivery requirements of every contract that it has entered into. A Clearing Member may fulfil delivery requirements itself or it may appoint the buyer or seller (as applicable) to act as Designee(s) in its place to fulfil delivery requirements. An account making or taking delivery will need to send to Clearing Deliveries a completed and signed EUA Designee form.

A Clearing Member, or a Clearing Member's Designee(s), that has an account intending to make or take delivery must have a "trading" account. The trading account and CME's trading account must be trusted with one another. Due to the process and time needed to trust accounts, it is recommended to notify and begin the trusting process at least 3 weeks prior to the intended use of the account.

A Clearing Member must provide a VAT Registration form to Clearing Deliveries for any account planning on trading the EUA contract.

For delivery processing, the following timeline applies for making and taking delivery of EUAs. The times indicate the prevailing time in the Netherlands:

After termination of trading, Clearing Members (both long and short) will submit delivery intents by 10:00 p.m. on the final day of trading. CME Clearing will then provide Assignment Notice Reports to the respective Clearing Members notifying them of their delivery obligations.

Delivery shall take place as follows:

- (1) The seller's Clearing Member or Designee (as applicable) shall submit a transfer request via the Communication Link instructing the transfer of EUAs subject to delivery to the Clearing House Registry Account the Business Day following assignment and such EUAs shall be received into the Clearing House Registry Account no later than 1:00 p.m.

on the second Business Day on which the Union Registry administrator in the Netherlands is processing transfers of EUAs after the final day of trading of the delivery month.

- (2) The buyer's Clearing Member or Designee (as applicable) shall receive EUAs from the Clearing House Registry Account by 4:00 p.m. on the third Business Day after the final day of trading of the delivery month, except where the national administrator of the Registry Account of the buyer's Clearing Member or Designee (as applicable) is not processing transfers, in which case the transfer to the buyer's Clearing Member or Designee (as applicable) may be delayed.
- (3) The buyer's Clearing Member shall deposit/transfer Euro currency equal to the full value of the product to the designated Clearing House bank account by 1:00 p.m. on the second Business Day following the last day of trading of the delivery month.
- (4) For each seller's Clearing Member that has satisfied its obligations under subsection (1) of this rule, the Clearing House shall pay the seller's Clearing Member the full contract value by 4:00 p.m. on the third Business Day following the last day of trading of the delivery month.

The timings for delivery by the Clearing House shall be dependent on the operation of the Union Registry and therefore may be subject to change. The Clearing House shall not be liable for any delay in delivery of EUAs under Rule 1253105. where such delays relate to the delay or failure of processing of transactions by the Union Registry or any national administrator of a Registry Account.

While contract prices shall be exclusive of any taxes or duties, should Value Added Tax ("VAT") be payable on European Union Allowance (EUA) Futures, the relevant buyer shall be responsible for ensuring that it accounts for such VAT to the relevant tax authority under the reverse charge procedure where applicable.

For a copy of the Designee and VAT forms, or for any questions, please contact Clearing Deliveries at 312-930-3172 or by email at clearinghousedelivteam@cmegroup.com.