

Carbon Match Market Rules

1. DEFINITIONS-

1.1 In these Market Rules:

Approved Counterparty means:

- (a) in relation to a Participant Account Holder which has elected to use the Green List Mechanism, any Green Listed Participant (as modified from time to time in accordance with clause 5.3);
- (b) in relation to a Participant Account Holder which has elected to use the Red List Mechanism, any party in the Approved Participant List other than a Red Listed Participant (as modified from time to time in accordance with clause 5.3); and
- (c) in relation to a Participant Account Holder which has elected neither to use the Green List Mechanism nor the Red List Mechanism, any NZEUR Account Holder on the Approved Participant List;

Approved User means an individual who uses the Website and who has been approved by the Operator to make Bids and Offers on the Carbon Match Platform either as, or on behalf of an NZEUR Account Holder;

Bid means an offer to buy Units;

Business Day means any day other than a Saturday, Sunday, a statutory public holiday, or a day on which banks are shut in Wellington;

Buyer means the Participant Account Holder identified as such in the Carbon Match Confirmation;

Carbon Match Confirmation means the confirmation of a Match sent by email to the Seller's and Buyer's Notice Addresses by the Operator promptly after a Match is effected;

Carbon Match Market means the market for Matching Offers and Bids posted on the Carbon Match Platform;

Carbon Match Platform means the online trading facility located on the Website, on which Offers and Bids may be posted and Matched;

CCRA means the Climate Change Response Act 2002 and related regulations as amended from time to time;

Green List Mechanism means the mechanism on the Carbon Match Platform which allows a Participant Account Holder to select those on the Approved Participant List with whom it is prepared to enter into Transactions;

Green Listed Participant means an NZEUR Account Holder on the Approved Participant List selected by a Participant Account Holder using the Green List Mechanism;

Market Rules means these Market Rules that govern the operation of the Carbon Match Market, located on the Carbon Match Website;

Market Trading Hour means the period between 1pm and 5pm of each Business Day (it being recognised, however that at the absolute discretion of the Operator, this period may commence and/or end no more than one minute earlier or later than these specified times);

Match means the match or partial match of a Bid with one or more Offers, or of an Offer with one or more Bids, for a particular type of Unit with the same settlement date effected by means of the Carbon Match Platform in the manner outlined in clause 5 of these Market Rules;

Match Fee means

- (a) the fee payable to the Operator as specified in the Market Rules in respect of a successful Match; plus
- (b) the amount of all GST (if any) chargeable on any taxable supply by the Operator to the Participant Account Holder;

Notice Address means the e-mail address specified by an Approved User to be used for all communication with the corresponding Participant Account Holder;

NZETS means the New Zealand Emissions Trading Scheme;

NZEUR Account Holder means a person or organisation that has registered as either a mandatory or voluntary participant in the NZETS;

NZEUR Holding Account means the New Zealand Emission Unit Register account in which Units may be held;

Offer means an offer to sell Units;

Operator means Carbon Match Limited or any successor operator of the Website and Carbon Match Platform;

Participant Account Holder means:

- (a) the Approved User where the Approved User is an NZEUR Account Holder; or
- (b) in other circumstances, the NZEUR Account Holder on behalf of which the Approved User is authorised to act;

Red List Mechanism means the mechanism on the Carbon Match Platform which allows a Participant Account Holder to select those on the Approved Participant List with whom it is not prepared to enter into Transactions;

Red Listed Participant means an NZEUR Account Holder on the Approved Participant List selected using the Red List Mechanism;

Seller means the Participant Account Holder identified as such in the Carbon Match Confirmation;

Standard Sale and Purchase Terms means the Operator's Standard Sale and Purchase Terms that govern the sale and purchase of Units which are the subject of Bids and Offers which are successfully Matched, and which are published on the Carbon Match Website;

Terms of Use means the Terms of Use which govern use of the Website and the Carbon Match Platform by each User and each Participant Account Holder and which are published on the Website;

Transaction means the Sale and Purchase arising between the Buyer and the Seller as a consequence of a successful Match of Bids and Offers posted by them or on their behalf;

Units has the meaning set out in the CCRA; and

Website means the website located at www.carbonmatch.co.nz.

1.2 In these Market Rules, unless the context otherwise requires:

- (a) the singular includes the plural and vice versa;
- (b) references to dates and times are to dates and times in New Zealand;
- (c) references to currency are to New Zealand Currency;
- (d) a reference to a "person" includes an individual, firm, company, corporation or unincorporated body of persons in each case whether or not having separate legal personality, and a reference to a "company" includes a person; and
- (e) a reference to a statute or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any term.

2. BIDS AND OFFERS

2.1 The Operator will list Offers and Bids on the Carbon Match Platform for a range of Unit types. The specifications for each type of Unit are available on the trading screen where new Bids and Offers are posted on the Website. By placing a new Bid or Offer the Approved User confirms that the Units for which they are placing a new Bid or Offer meet such specifications. From time to time, Offers or Bids for other Units and related products may also be listed on the Carbon Match Platform at the absolute discretion of the Operator.

2.2 Bids and Offers can be made and withdrawn only on the Carbon Match Platform. No telephone or email instructions can or will be taken.

2.3 Bids and Offers can be submitted to the Carbon Match Platform at any time, subject to availability of the Carbon Match Platform.

2.4 Unless otherwise notified, Bids and Offers will only be Matched during the Market Trading Hour. The Carbon Match Market may be suspended or closed by the Operator for whatever reason during this time.

2.5 A Bid or Offer can be withdrawn at any time prior to the Bid or Offer being Matched.

3. UNITS

- 3.1 Bid and Offer prices will be for 1 Unit and will be in New Zealand Dollars and must be expressed in whole New Zealand cents.
- 3.2 Units will be traded in minimum lots of 1000 Units.
- 3.3 Bids and Offers posted must be entered as, and all Matches will involve multiples of 1000 Units.

4. MAINTAINING BIDS AND OFFERS

- 4.1 If an Participant Account Holder disposes of the Units offered for sale otherwise than by way of Match on the Carbon Match Platform or simply no longer wants to be bound by a particular Bid or Offer, the Approved User is responsible for immediately withdrawing the relevant Bid(s) or Offer(s). Failure to do so could result in the Participant Account Holder, on behalf of which the Approved User is acting, being contractually bound by a Match occurring when the Carbon Match Market is open for Matching.

5. MATCHING

- 5.1 For the purposes of Matching, in respect of each type of Unit in respect of which Bids and Offers may be posted on the Carbon Match Platform:
 - (a) Bids will be ordered on the Carbon Match Platform from the highest price to the lowest price.
 - (b) Offers will be ordered on the Carbon Match Platform from the lowest price to the highest price.
 - (c) Where 2 or more Bids or Offers are posted at the same price, they will be ordered on the Carbon Match Platform in time order of receipt, with the first in time being posted highest in the order.
 - (d) An Offer to sell Units may be Matched with a Bid that is at the same or a higher price than the Offer price but may not be Matched with a Bid that is at a lower price than that Offer price.
 - (e) A Bid to buy Units may be Matched with an Offer which is at the same or a lower price than the Bid price but may not be Matched with an Offer which is at a higher price than the Bid price.
 - (f) In Matching Bids and Offers, a Bid or Offer may, in accordance with the provisions of this clause 5.1, be partially Matched. Where a Bid or Offer is not fully Matched, the Bid or Offer shall, unless and until withdrawn or expiry, remain open at the applicable Bid or Offer price in respect of the unmatched volume.
 - (g) At the commencement of the Market Trading Hour, subject always to sub-clauses 5.1(d) and 5.1(e) above and clauses 5.2-5.4 below:

- (i) the first Match will be between the Bid then posted highest in order on the Carbon Match Platform and, to the extent required to fill the volume of Units which is the subject of the highest ordered Bid, the highest ordered Offer;
 - (ii) if the volume of Units which is the subject of that highest ordered Bid is not fully met by the highest ordered Offer, the balance of Units required to fulfil that Bid will be satisfied from the then second highest ordered Offer on the Carbon Match Platform, with this process being repeated with each sequentially lower ordered Offer until, or so far as, the volume required by the Bid can be satisfied;
 - (iii) the Match price applicable to each resulting Transaction will be the applicable Bid price; and
 - (iv) the process in sub-clauses (i) to (iii) above will then be repeated sequentially until all Bids and Offers which have been posted prior to commencement of the Market Trading Hour and are able to be Matched, have been Matched.
- (h) Subject always to sub-clauses 5.1(d) and 5.1(e) above and clauses 5.2-5.4 below and to all Bids and Offers which were posted prior to commencement of the Market Trading Hour having, to the extent possible, been Matched, Bids and Offers posted following commencement of the Market Trading Hour shall be Matched on a real time basis as follows:
- (i) each Bid or Offer received will, to the extent possible, be Matched sequentially as it is received. To the extent that a Bid or Offer cannot be Matched as it is received, it will be ordered on the Carbon Market Platform in accordance with sub-clauses 5.1(a), (b) and (c) above;
 - (ii) each Bid received will, to the extent required to fill the volume of Units which is the subject of the Bid, be matched with the then highest ordered Offer;
 - (iii) if the volume of Units which is the subject of that Bid is not fully met by the highest ordered Offer, the balance of Units required to fulfil the Bid will be satisfied from the second highest ordered Offer on the Carbon Match Platform, with this process being repeated with each sequentially lower ordered Offer until, or so far as, the volume required by the Bid can be satisfied;
 - (iv) each Offer received will, to the extent required to fill the volume which is the subject of the Offer, be matched with the then highest ordered Bid;
 - (v) if the volume of Units which is the subject of the Offer is not fully met by the highest ordered Bid, the balance of Units required to fulfil the Offer will be satisfied from the second highest ordered Bid on the Carbon Match Platform, with this process being repeated with each sequentially lower ordered Bid until, or so far as, the volume required by the Order can be satisfied;
 - (vi) in each case, the Match price applicable to each resulting Transaction will be:

- a) if the Bid was placed earlier in time than the Offer, the applicable Bid price; or
- b) if the Offer was placed earlier in time than the Bid, the applicable Offer price.

5.2 A Participant Account Holder may elect electronically on the Carbon Match Platform to:

- (a) use the Green List Mechanism; or
- (b) use the Red List Mechanism.

Except where a Participant Account Holder has elected to use the Green List Mechanism or the Red List Mechanism, a Participant Account Holder shall be taken to be prepared to enter into Transactions with each NZEUR Account Holder that is on the Approved Participant List.

5.3 Where a Participant Account Holder has elected to use the Green List Mechanism or the Red List Mechanism, it may on one occasion only on any Business Day but outside the Market Trading Hour on that Business Day, add or remove one or more specified NZEUR Account Holders as Green Listed Participants or Red Listed Participants, as the case may be. Each time a Participant Account Holder adds or removes a specified NZEUR Account Holder as a Green Listed Participant or Red Listed Participant, the Operator shall receive a notification of the change.

5.4 Notwithstanding clause 5.1, no Bid or Offer placed by a Participant Account Holder which has elected to use the Green List Mechanism or the Red List Mechanism shall be matched with a Bid or Offer placed by a party which is not an Approved Counterparty in relation to that Participant Account Holder and the Matching process set out in clause 5.1 shall take effect accordingly.

5.5 If the Operator determines that:

- (a) a technical error or malfunction of the Website or Carbon Match Platform has resulted in a manifest error in relation to a Match; or
- (b) an unauthorised intrusion of the Website or Carbon Match Platform has given rise to a fraudulent or otherwise unauthorised Match occurring,

the Operator may, at its sole discretion and within 24 hours from when the Match is effected, void the Match by sending written notification to the Notice Address of the Buyer and Seller.

5.6 Where a Match is voided by the Operator, the corresponding Sale and Purchase Agreement will be of no effect and the Buyer and Seller will have no liability to each other in relation to the sale and purchase of the Units which were the subject of that Match.

6. SETTLEMENT

6.1 Once a Match is effected, a Transaction takes place and the Seller is obliged to sell and the Buyer is obliged to purchase the specified Units. When a Transaction takes place the Buyer and Seller are legally bound by the Standard Sale and Purchase Terms.

- 6.2 The Carbon Match Confirmation, issued by the Operator following a Match shall, in the absence of manifest error, be conclusive evidence of this obligation.
- 6.3 For the avoidance of doubt, where a Match has been struck and the Carbon Match Confirmation has been sent to the Notice Address of the Buyer and Seller, such confirmation will be deemed to have been received by the Buyer and Seller.
- 6.4 Settlement of Transactions will be as per the terms of the Carbon Match Confirmation. Buyers and Sellers are responsible for execution of settlement. This means that Sellers are responsible for accessing their NZEUR Accounts and effecting transfer of Units, and Buyers are responsible for making payment pursuant to the contract. The Operator is not currently able to provide a settlement or clearing service to Participant Account Holders. No representative of the Operator will ever ask a Participant Account Holder for their NZEUR username or password.
- 6.5 If a Bid or Offer has not expired and has not been fully Matched or withdrawn, the Bid or Offer or the balance of the Units which have not previously been Matched, is capable of being Matched during the next Market Trading Hour.

7. GENERAL

- 7.1 These Market Rules may be amended in whole or in part by the Operator from time to time.
- 7.2 Amendments will be effective immediately upon posting of the amended Market Rules on the Website, and will apply to all unmatched Offers or Bids made both before and after the time of posting. The Approved User is responsible for ensuring it is at all times familiar with the then Current Market Rules.
- 7.3 The Participant Account Holder and each Approved User must not:
- (a) use or disclose any information about any other person (including any current or previous Buyer, Seller, User, NZEUR Account Holder or contact person, or any other person listed on the Approved Participant List) which is obtained through or in connection with the Carbon Match Platform or the Website, or otherwise provided or made available by or on behalf of the Operator, for any purpose other than to complete a Transaction;
 - (b) use the Carbon Match Platform or the Website, or (without limiting (a) above) any information obtained through or in connection with the Carbon Match Platform or the Website, to:
 - (i) find or identify an actual or potential buyer or seller of Units and then soliciting or completing the sale or transfer of Units with that actual or potential buyer or seller (or any related company or affiliate of that actual or potential buyer or seller) outside of the Carbon Match Platform; or
 - (ii) otherwise solicit, facilitate or arrange the sale or transfer of any Units outside of the Carbon Match Platform or seek to avoid paying any Match Fee to the Operator;

- (c) suggest to any other person that they sell or transfer Units outside of the Carbon Match Platform, or advise or encourage any other person to do so, so as to avoid paying any Match Fee to the Operator; or
- (d) otherwise seek to circumvent these Market Rules or avoid paying any Match Fee to the Operator.

8. MATCH FEES

- 8.1 Each Participant Account Holder shall pay 5 New Zealand cents per Unit Matched exclusive of GST, if any. The Operator will invoice fees on the 1st Business Day of every calendar month in respect of each Match made in the previous calendar month. Match Fees are payable to the Operator by the 20th Business Day of the same calendar month following the date of invoice. The Operator reserves the right to reduce or waive the Match Fee either generally or in respect of any particular Match/Transaction for any Participant Account Holder, at its sole discretion.
- 8.2 Match Fees are payable irrespective of delivery of Units and will be invoiced on the 1st Business Day of every calendar month following a Match being made even where the Units subject to the Match are for forward delivery.