

EFET

European Federation of Energy Traders

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Usage Notes

to the

EECS Master Agreement and Appendix

(Version [] / December 2013)

I. Introduction: EFET's form of EECS Master Agreement and Appendix (version [] /December 2013), as published on the EFET web page on [] (the "**Agreements**"), was developed by a working group comprised of EFET member company representatives and EFET's counsel. A number of usage notes of which users of the Agreements should be aware are detailed below. Please note that this document is not intended as a user's guide to the Agreements.

Unless otherwise expressly set forth in these usage notes, capitalised terms used throughout these usage notes shall have the meanings attributed to those terms in the Agreements or, as applicable, the EECS Rules (Version 7, Release 5 dated 10 October 2013).

II. Rule Changes: The Agreements, as drafted, is based on and relies on concepts and terms as provided in the EECS Rules (Version 7, Release 5 dated 10 October 2013) and as such parties are required to state in the Confirmation which version of the EECS Rules will apply to that Individual Contract.

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PLEASE NOTE: These Usage Notes were prepared by EFET exercising all reasonable care and as a general guide only for the purposes of assisting users of the EECS Master Agreement and Appendix. EFET, the EFET members, representatives and counsel involved in the preparation of these Usage Notes shall not be liable or otherwise responsible for their use and any damages or losses resulting out of their use and in whatever jurisdiction. It is the responsibility of each Party wishing to use the EECS Master Agreement and Appendix to ensure that the terms and conditions set forth therein are legally binding, valid and enforceable and best serve to protect the user's legal interest, and are suitably brought to the attention of a counterparty. Users of the EECS Master Agreement and Appendix and/or Usage Notes are urged to consult their own legal counsel.

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It should be noted by users of the Agreements that if the EECS Rules are materially altered, then it may be necessary to make consequential amendments to the Agreements. In the event of a material change to the EECS Rules, users should consult their own legal counsel to ensure that the Agreements continue to be suitable.

III. Inconsistencies between the Domain Protocols and their respective Registries: A Domain Protocol (which is implemented by local enabling legislation at Domain level) sets out the procedures, rights and obligations for the administration of EECS within a specific Domain and relating to certain EECS Products. Such procedures include the transfer and cancellation of EECS Certificates and the timeframes within which any of those requests are completed by each Domain and EECS Registration Database.

Users of the Agreements should be aware that the procedures, rights and obligations between the Domain Protocols may vary. Such variations may affect the Delivery timing of a particular transaction. Users should ensure they are aware of the Domain Protocols relevant to their transaction to ensure timely discharge of their Delivery obligations under the Agreements and have a system of ensuring they stay up to date on relevant changes to the Domain Protocols that are relevant to them.

IV. Voluntary nature of EECS: As set out in the EECS Rules, EECS is a commercially funded, integrated European framework for issuing, holding, transferring and otherwise processing electronic records (EECS Certificates).

At its core, EECS is a voluntary scheme and membership of a particular country to the scheme does not automatically signify that EECS Certificates will be able to be used in that particular country for compliance with legal obligations set out under national legislation. Furthermore, in those instances where some members do accept EECS Certificates for compliance with legal obligations, the EECS Certificates accepted by each member may be limited in geographical scope (e.g. for national compliance purposes a member may accept EECS Certificates from some members but not all members). This lack of cross-member acceptability of EECS Certificates may therefore have an effect on prices of certificates from certain Domains.

Users of the Agreements should be aware that if the purpose of the transaction is to purchase EECS Certificates with a view to use those EECS Certificates to comply with legal obligations set at a national level, additional due diligence should be undertaken to ensure this purpose can be achieved.

V. Limited future of RECS Certificates: A RECS Certificate is a type of EECS Certificate issued by an Authorised Issuing Body in relation to RECS. Recently, RECS International indicated that RECS Certificates will not be issued after 2015 and consequently will no longer be covered by the EECS Rules. This means that parties will not be able to trade RECS Certificates after 2015.

Users of the Agreements should be aware that although the Agreements currently cater for the purchase and sale of RECS Certificates, any RECS Certificates held in their accounts after 2015 and should ensure any RECS Certificates are cancelled in the relevant accounts before this deadline in order to derive benefit from them.