

# COMMODITY EXCHANGE BRATISLAVA

## **Press release: CEB complains against draft preparation by JPSC for the common auction platform**

**Bratislava, 21<sup>st</sup> February 2012**

Commodity Exchange Bratislava has commented the “**Draft Tender Specifications for the Joint procurement of a common auction platform**“, and raised 17 issues for change of the draft.

JPSC as committee, which was preparing this document, took into consideration our proposals, but on their initiative they blocked Commodity Exchange Bratislava in participation in the tender by other changes. CEB did not have any chance to comment these last changes that took just before final vote of JPSC.

To be more specific, last-time changes are:

1. JPSC has specified that experience on the secondary market is evaluated only if in last 6 months total allowances traded at the platform were higher than 5.000.000 credits
  2. JPSC has increased value of volume required to achieve lower trading fees to 250.000.000 allowances
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1. According to our knowledge, only two exchanges have volume higher than 5.000.000 allowances – BlueNext and ICE

### **It is against principles of transparent tender to fit the draft of tender only for two companies.**

Commodity Exchange Bratislava has total traded volume for past two years 1.158.768 allowances<sup>1</sup>. CEB has expressed intention to become common auction platform, and when this happened, JPSC has blocked us the way to participate.

### **It is against principles of transparent tender to block the only company that has commented tender draft, option to participate in the tender.**

2. JPSC has rejected our proposal for the more transparent way of fee table, and has adopted change, where only speculators will have lower fees for trading. By changing this, the cost for all emitters will be significantly higher.

### **Does European Committee want to benefit European production companies (emitters), or financial companies?**

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<sup>1</sup> [www.carbonplace.eu](http://www.carbonplace.eu)



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## **Is this a problem of the European Union?**

1. There was no public discussion took into consideration for decision to auction allowances.
2. There was no public discussion for decision to take allowances under financial market.
3. The unified registry has too long delays, and will not solve the issue.
4. There was no or very slow reply from the European commission to fight the frauds with allowances, and from results of its action benefit the frauders
5. Non-transparent tenders by corrupted bureaucrats are problem

1. There was no public discussion took into consideration for decision to auction allowances.

Europe has stayed in year 2008-2009 before decision, how the next phase will operate. Bureaucrats in Brussels have decided that they want to destroy European industry and will issue emission tax on productive companies. The revenue of this tax will not have to be used for green projects, but will be use as input into national budget of every state.

That is the problem, because in first and second phase, the reduction was done in most effective way, and other emitter who had lower costs to reduce emissions had finance to reduce them. From 2013 on, there will be no trade between emitters because all of them will be in shortage, and no one will have extra money to decrease them. It is said that at least of 50% of revenue of the state SHOULD be used for the greening matter. Does that also contain the emitters, or only the chosen one?

By issuing this tax European Union benefit companies in China and United States who will have lower costs to produce their products.

**European Union bureaucrats are knowingly destroying the European industry.**

2. There was no public discussion for decision to take allowances under financial market.

Do emitters and traders know, what will it mean for them when carbon credits will be counted as financial instrument?

European Commission did not clearly stated when and how the MiFID will apply, but emitters can take one thing for certain – they will have higher trading fees to trade.

**European Commission does not support its most important – production companies, but supports financial intermediaries who takes their profits.**



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3. The unified registry has too long delays, and will not solve the issue.

What is role of the unified registry?

**By hiding serial numbers of allowances and not able to track the stolen down, European Union supports thefts of allowances.**

The original idea to move whole EU ETS Registry on one European server was very good, but at finale it broke at corruption and large business of current national registries.

**National registries will stay, so what is the difference?**

4. There was no or very slow reply from the European commission to fight the frauds with allowances, and from results of its action benefit the frauders

European Union has rejected CEB attempts to use SCC Registry as official tool to fight thefts <sup>2</sup>, and also not supported the Safe Universe Initiative <sup>3</sup>.

By the inactivity in the times of thefts, it has pushed the signals it is not capable of solving such issues.

About the VAT thefts, it is unbelievable, that European commission or Europol cannot get the stolen 10 billion EUR back. Is it ok to steal this amount of money and bribe with it members of European commission or environmental agencies?

5. Non-transparent tenders by corrupted bureaucrats are problem

Is it ok to prepare tender only for one or two companies?

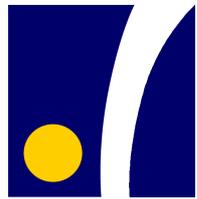
Is it ok to change draft of tender just before the voting not included public opinion?

What should we do, if European Union acts a dictatorship?

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<sup>2</sup> <http://www.suspicious-carbon-credits.com/>

<sup>3</sup> <http://www.carbonplace.eu/news/b8a331ea9fa49624709a0fe55da853d3>



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## What to do next?

We will fight corruption further, and will provide emitters the most cost effective place to trade allowances<sup>4</sup>. Please note, that trading at CEB is around 20 times cheaper than trading at BlueNext or ICE.

We however ask emitters:

**1) Please help us increase our volume of traded allowances this half of this year to 5.000.000 allowances**

2) We would be happy, if you could also **support us financially** by buying one share of Commodity Exchange Bratislava. Nominal value is 20.000 €, we ask for it 25000 €

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<sup>4</sup> <http://www.kbb.sk/files/brochure.pdf>