



COMMODITY EXCHANGE BRATISLAVA

Comments for a revised version of draft parts 1-3 of the Tender Specifications for procuring a transitional common auction platform from 9th February 2012

February 15th, Bratislava

1) Proposal for change back:

Current version:

experience during the past six months with operating a secondary market in allowances during which at least five million allowances have been traded or auctioned over that period;

Previous version:

experience during the past [6] months with operating a secondary market in allowances;

CEB has expressed intention for becoming common auction platform. By increasing traded allowances to five million allowances on secondary market in last six months, we consider it as discriminatory act against participating of CEB in the tender.

CEB has experience in organizing regulated market with allowances from the start of the market in 2005. It has great software and personal capabilities and liquidity on our secondary market in last two years was 1158768 traded by CEB members¹. Our liquidity is based on real trades – NO VAT thefts, no speculation trades, no trades with stolen credits, with option for emitters directly trade in our platform.

2) Proposal for change:

the first 250 million of allowances auctioned (including both general allowances and aviation allowances);

We have major objection for the setting of the fees at the common auction platform.

Limit of fees at level 250 million implies that EC wants to favor a speculator over other traders, and SMEs will have increased costs, because the speculator can influence the price.

We propose to set the fixed fee and variable fee upon a decision of the trader as stated in our first proposal, on basis of fee tables.

If someone for example decides to trade with no entry fee, but trading fee 5 cents, why not let him place an order? If other player wants to trade much larger volume, let him choose other membership fees, for example entry fee

¹ Double counted, from 2010-01-01 to 2012-02-10



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10000 eur, annual fee 5000 eur, and trading fee 1 cent per allowance. The fees as stated in the proposal give large disadvantage for small and middle size emitters.

3) Proposal for change:

Article 51(1) of the Auctioning Regulation stipulates that "the structure and level of fees as well as any related conditions applied by any auction platform and the clearing system(s) and settlement system(s) shall be no less favourable than comparable standard fees and conditions applied on the secondary market". As part of the declaration provided for in Annex 6 of these tender specifications, the tenderer will provide an express declaration on its honour that the fees and any related conditions for task 1 applicable to persons admitted to bid or bidders contained in its financial proposal are no less favourable than the comparable standard fees and any related conditions it applies at the time of submission of its tender on the secondary market organised by it.

Condition that on the secondary market must be higher fees than in the auction platform, will increase costs for emitters. It will lead for increasing fees on the secondary market, and will have negative effect for whole market.

Because this is in the Regulation, we propose to change first the Regulation, and this draft afterwards. Other option is to remove this from the draft, and later change the Regulation.

4) Feedback

We would greatly appreciate the feedback, and further discussion before adopting this draft as final version.

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