



## Media Release

### AFMA Carbon Trading Documentation Launched

11 September 2009

The Australian Financial Markets Association (AFMA) has released its standard documentation for forward trading under the Carbon Pollution Reduction Scheme (CPRS).

Although there is uncertainty around the introduction of the CPRS, AFMA recognised that it is important industry-recommended material was produced as quickly as possible to avoid market confusion arising from inconsistent bespoke agreements coming into use.

The documentation – the *AFMA Form of Part [6] to the Schedule to an ISDA Master Agreement for Emissions Allowance Transactions* and a *Confirmation of OTC Physically Settled Emissions Allowance Forward* – are contained in a new section of the "Guide to Australian OTC Transactions" which is available by separate subscription.

Changes to the established European Union Part [6] document have been kept to a minimum to encourage international acceptance, whilst meeting the requirements of the CPRS.

The Australian confirmation is based on the EU form and sets out the most appropriate choice when dealing in Australia where elections are required from the various alternatives in Part [6].

The AFMA documents can be used for either or both of Australian Emissions Units (AEU) and Certified Emissions Reductions (CER) and allow for specific vintages of the former to be specified. Material covering failure to deliver, including failure stemming from a registry disruption, and abandonment of Scheme provisions has been included.

The material was largely developed by a Sub-Group of the AFMA Carbon Markets Committee comprising representatives from AFMA member firms ANZ, Baker & McKenzie, Clayton Utz, Commonwealth Bank, Johnson Winter & Slattery, Macquarie Group, Mallesons Stephen Jaques, National Australia Bank, Origin Energy, RBS, Snowy Hydro and Westpac.

Documentation for physically settled options is under development.

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**Notes for Editors:**

Australian Financial Markets Association (AFMA):

The Australian Financial Markets Association is the peak industry association for Australia's wholesale banking and financial markets. These markets play a pivotal role in the Australian economy by making it possible for Australian financial institutions and companies to conduct business with each other and with their counterparts overseas.

AFMA represents industry participants in the wholesale banking and financial markets, including Australian and foreign banks, securities companies, state government treasury corporations, fund managers, traders in electricity and other specialised markets and industry service providers.