

ESIA Information Sheet- Best Practice Guidance

Brokered Trades

Best practice - contract steps and time frame considerations

ESIA Members are encouraged to consider, but are not bound by, the information provided below specifically in relation to establishing and continuing trading relationships and contracts and to honoring contract steps through the brokered market.

- i. **initial bid and offer:** made by a buyer (makes a 'bid') and seller (makes an 'offer') via a broker, valid for a period of time mutually determined by the party making the bid or offer (generally valid until the end of the business day) and which needs to be re-affirmed by the broker on the next business day if a counterparty has not yet accepted the bid or offer;
- ii. **initial verbal agreements:** between a broker and a buyer and that broker and a seller confirming that a bid and an offer have been accepted and including essential trade details (ie unit volume, unit price and date of transfer);
- iii. **written deal confirmation:** (also referred to as a 'broker ticket') prepared by the broker and provided to the buyer and seller within 24 hours of a verbal agreement (usually by close of business on the same day) including;
 - a. full trade details;
 - b. full business details;
 - c. terms of the trade for payment and transfer; and
 - d. party responsible for contract preparation (usually the seller).
- iv. **written contract prepared and signed by the seller** and provided to the buyer within five business days of a deal confirmation if a forward contract or within 24 hours if a spot contract, with this contract including at minimum for ESIA Members the content of the *ESIA template contract* (available to all ESIA Members); and
- v. **written contract countersigned by the buyer** and returned to the seller within five business days of receiving it if a forward contract or within 24 hours if a spot contract.
- vi. **issue of invoice:** prepared by the seller and provided to the buyer no less than 48 hours before the settlement date set out in the written contract for each trade; and
- vii. **settlement:** on the settlement date set out in the written contract, the full negotiated price for the unsettled units is to be paid by the buyer and the relevant certificates for the settled units are to be delivered by the seller to the buyer.

Parties to a trade transaction should be transparent and communicative with each other at all times. Parties should use best endeavours to communicate all relevant information to each other in a timely and clear manner. Parties must not mislead or deceive other parties to a transaction, including by omission or silence. If a party believes that a trade confirmed by a broker has not been sufficiently documented in accordance with the contract steps and time frames above then this should immediately be brought to the attention of the counter-party.

Parties are expected to work reasonably and flexibly with each other for the purposes of ensuring a smooth transaction process. Parties are expected to act reasonably in relation to, for instance, requests for small movements in settlement dates and times in which case all other options should be pursued before requesting a date change. If a date change is required a mutually agreed arrangement should be made between all parties that meets the needs of all affected: it is not acceptable for requests for a trade date change to be made on the trade date.

It is recommended that the ESIA Code be referenced by all Code Signatories in all their correspondence to other parties regarding trades, including but not limited to:

- i. sign up / induction materials; and
- ii. deal confirmations and contracts.

Best practice – daily trades minimum details recommendations

The ESIA requests that brokers provide minimum details for brokered trades to maintain the highest level of market integrity and excellence in service standards: efficiently providing customers with the most informed details regarding market conditions and completed trades.

Daily trades

1. Time stamps on all trades

- a. To provide market participants with an informed flow of trades (especially helpful to those who don't have Eikon software or daily contact with brokers).

2. Email markets (optional)

- a. Send markets via email to the mail list (provides visibility of trades to market participants and provides market overview to help intermediate participants with current market levels)

3. Daily reports

- a. Send to all market participants including trades completed the previous day

Trade confirmations

1. **PDF filename** to include certificate type, trade number, price, date (eg Trade#VEEC\$21.20 6-6-19)
2. **Email subject line** to duplicate PDF filename of trade
3. **Email body text to include more trade details** to provide a quick snapshot of the trade (see sample below)

Body text of a trade confirmation, SAMPLE:

ENERGY EFFICIENCY BROKERS ADVICE - SELLER		
Seller:	ABC Pty Ltd	Trader: Jo White
Buyer:	XYZ Pty Ltd	Trader: Ash Green
Tel:	03 1234 5678	
Mobile:	1234 123 123	
Price:	\$18.45	
Total Premium:	\$92,250.00	
Notes:		
Commodity Reference Price:	2019 VEEC	
Payment Date:	Friday 15/03/2019	
Delivery Date:	Friday 15/03/2019	
Contract Volume:	5,000	
Brokerage:	\$250	

Market conventions: ESIA members may wish to familiarise themselves with Environmental Products Conventions published by the Australian Financial Markets Association ([AFMA](#)), which AFMA members must abide by.