



Administration and Settlement Services for the Carbon Market

The development of carbon credits, providing financial incentives to encourage real environmental efforts, is creating an exciting range of new initiatives in the carbon markets. However, while there has been considerable work done on the trading of carbon credits and the development of carbon-related projects, less has been done to address the risk associated with the settlement and ongoing administration of carbon-related transactions. Deutsche Bank provides a suite of administrative and settlement services for the carbon markets which directly address these issues.

Features

Deutsche Bank's administrative services for the carbon market include escrow services, auction services, CDM project finance services plus custody, clearing and settlement for carbon credits.

Escrow Services

Deutsche Bank provides multi-jurisdictional escrow services to facilitate the settlement of EUAs, CERs and ERUs. Our escrow services are used as part of CDM projects, secondary purchase agreements and swap transactions. Deutsche Bank receives and holds the relevant cash or credits in its account and releases the cash/credits to the appropriate parties once all conditions of the trade have been met.

Escrows mitigate counterparty risk, credit risk and settlement risk and can be used in a variety of ways; for delivery of cash against receipt of the relevant carbon credits; for delivery of emission allowances (EUAs) against receipt of reduction units (CERs or ERUs); and for the exchange of other carbon-related instruments

Auction Services

Deutsche Bank is a major administrator for auction-rate securities in the United States and leverages this platform to allow holders of large blocks of EUAs to maximize the value of those credits through a Dutch auction process.

The auction process allows transparent price discovery without reliance on brokers, allows for conditional bids when all terms of the auction are not known, provides the selling party with a "one-way mirror" into the auction process and allows the seller to pre-select specific parties to participate in the auction or to allow all platform participants to bid.

Our services are designed to help our clients mitigate risk, streamline processes and develop new products while containing costs

In addition, at the end of the auction the cash and credits can be settled using Deutsche Bank's settlement service, creating a seamless process from initial listing of credits to final settlement

CDM Project Finance Services

Deutsche Bank is a global administrator of project financings, including CDM projects, with extensive experience of cross-border, multi-tranche and multi-currency transactions. It offers sophisticated reporting and investment capabilities including online access to cash accounts.

As part of its project finance services it undertakes review of the project documentation, holds and administers security, administers multi-currency cash and carbon credit flows as well as refinancings and offers default and work-out services.



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delivering
excellence

Custody, Clearing and Settlement Services

Deutsche Bank's carbon credit service has significant advantages for energy and industrial firms, financial institutions, and others active in the carbon trading market. It facilitates rapid and safe settlement by providing a single platform for holdings across multiple currencies and markets, including European markets subject to the EU ETS and those subject to the Kyoto Protocol Clean Development Mechanism.

- It significantly reduces the settlement risk associated with current carbon trading practices by settling carbon credits simultaneously with cash
- It relieves investors and traders of operational responsibility for the settlement process
- It allows clients to allocate their carbon holdings across different national carbon "registries". This can help mitigate potential liquidity constraints in any one market
- It offers custody as well as settlement and clearing, thus providing clients with a streamlined process similar to that of more traditional asset classes

Benefits

Using Deutsche Bank's innovative range of carbon services offers clients a range of significant advantages.

Superior Service

Every member of the carbon service team is dedicated to providing the highest levels of client service through the consistent delivery of an efficient global product.

Deutsche Bank's focus on superior client service has been rewarded with an array of industry awards, leading market share rankings and consistently high satisfaction ratings from clients

Expertise

Our carbon team is part of a global staff of over 1,100 professionals who specialize in providing securities services and administrative solutions to corporates, financial institutions and government agencies worldwide. This breadth of experience gives our clients access to all the services and support they need to facilitate their carbon market activities.

Responsiveness

Capitalizing on Deutsche Bank's extensive knowledge of the carbon markets, we provide an end-to-end solution to carbon investors and have the resources to develop our service offering as the market evolves.

Global Presence

Our fully integrated specialist locations worldwide are part of Deutsche Bank's network of offices in more than 70 countries. With our global reach and local knowledge, we can tailor our services to match every client's requirements.

Why Choose Deutsche Bank

By using Deutsche Bank, our clients gain access to the experience and expertise of one of the world's leading specialists in financial administration.

With a consistent focus on client satisfaction, a worldwide team of dedicated trust and securities experts, a fully integrated global network of offices, and a track record of product innovation, we offer our clients a professional, high quality service.

Deutsche Bank provides streamlined services for carbon credits and associated instruments in a proven control environment

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