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## Europe's first environment exchange to start in November

At the end of November, Europe's first environment exchange, The OM Environment Exchange, will start. The long-term aim is to develop a well-regulated and transparent marketplace for recyclable commodities, financial instruments in those commodities and other environment-related products, such as emission rights. Initially, trading in Packaging Recovery Notes (PRNs) will be offered for the UK market. Trading will be internet-based and OM sees market growth potential throughout Europe.

The creation of PRNs is the result of a European Community Environmental Directive, requiring member states to recover 50-65% of waste packaging materials by 2001 and to recycle at least half of that amount.

The first country in Europe to adopt the PRN system is the UK. The regulation covers all UK businesses with turnover in excess of GBP 5 million and handle more than 50 tons of packaging. By 2001, some 19,000 companies will be affected. PRNs, issued by approved reproducers, are tradable evidence of compliance. If obligated businesses are in excess, they may sell their extra PRNs to companies who are below their requirements. This means demand exists for a market for trading PRNs, which have an inherent value that changes with, among other factors, the price of underlying commodities, such as recycled paper, glass, plastic and metals.

The OM Environment Exchange is a joint venture between OM and the Scottish firm The Environment Exchange. As well as providing the expertise for exchange and clearing services, OM will also provide R&D resources for environmental trading, and will assist with education and marketing. PRN prices for different recycled materials will be placed on an Internet billboard backed by a telephone service. The OM Environment Exchange will act as a facilitator in the settlement process and provide payment against the delivery of PRNs.

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“It is gratifying to see how OM’s experiences from other markets can be applied also to the environment sector. The exchange can help maximise recycling, which is important especially considering the need to reduce waste in all of Europe,” says Per-Jonas Carlsson, President of OM New Markets

The OM Environment Exchange will become Europe’s first environment exchange. The market is new and it is hard to predict how much trading volume will be generated.

“It will take time to develop the market, but the case is strong. An active environment exchange is of great value both to the business community and to the general public,” says Argus MacPherson, Managing Director of The Environment Exchange.

OM operates exchanges in London and Stockholm and develops technology, which increases the efficiency of financial and commodities markets throughout the world. OM is dedicated to producing outstanding products and services in the field of transaction technology. The parent company, OM Gruppen, is listed on the OM Stockholm Exchange. OM plans to sponsor a symposium in London on Future Environmental Exchanges, inviting key European decision-makers from this field.

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