

part of eex group



# Guide to Pre-Trade Limits for Non-Clearing Members (NCM)

Clearing Operations  
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## Disclaimer and Contact

This is a summary document about the functionality of Pre-Trade Limits for Spot Markets cleared by ECC. This document may not provide complete information and is not legally binding. For further details, please refer to ECC Clearing Conditions and ECC Risk Management Services Manual on our website or under chapter Further documents.

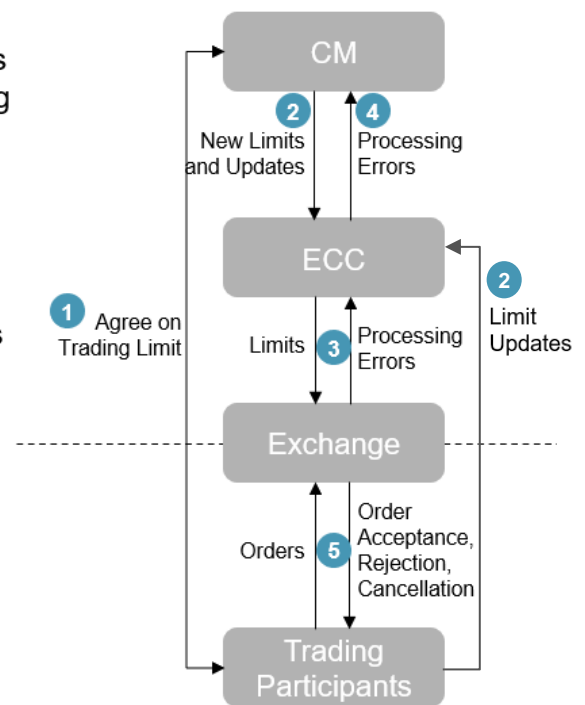
For questions, please contact [clearing@ecc.de](mailto:clearing@ecc.de) or +49 (0) 341 24680 444.

## What is a Trading Limit?

The purpose of a Pre-Trading Limit which for sake of simplicity is referred to as purely Trading Limit in the pages to follow is to restrict the maximum risk exposure, which a market participant can build up for a defined market during a defined period of time. The value of the Trading Limit can be adjusted for every market separately at dedicated points in time. A Trading Limit therefore defines the maximum tolerable risk exposure that is allowed during a particular time frame. Each executed trade and placed order is compared to this overall boundary effectively reducing the “free limit capacity”. After a well-defined period of time – for most market places from 4pm CET until 4pm CET the next day – has passed the free limit capacity is set back once again to the trading limit value or the new trading limit value send while obeying still any standing orders placed on the markets.

## How does the Trading Limit process work?

- 1 Clearing Members and the NCM agree on the Trading Limit for the respective Market. When one of both parties is setting a different Trading Limit, then the lower Trading Limit will be used for the respective market
- 2 Clearing Member enters the Trading Limit into the ECC Member Area. NCM can only change the own Trading Limit, which has been created by the NCM.
- 3 At regular times of the day, ECC posts the limits towards the respective Trading System – if any limit cannot be processed, the Trading System provides a processing error
- 4 ECC makes processing errors available to the CMs
- 5 Orders entered will be checked for compliance against the latest Trading Limit. If a limit reduction leads to breaching the limit, open orders will be withdrawn and have to be re-submitted by the client



## How can I manage my Trading Limits?

Most of the Spot Trading Limits can be set up by in the ECC Member Area.

Users with the user role “ReadWriteLimit” can read, create, modify and cancel Trading Limits in the ECC Member Area. In order to set a trading limit independently from the clearing member the Non-Clearing-Member does need two “ReadWriteLimit” users to enter and approve the limits independently in a four-eye-principle.



When the Trading Limit has been set by the Clearing Member (CM), the Trading Limit can only be modified by the CM. The NCM and the CM shall agree on the values bilaterally.

Users with the user role “ReadLimit” cannot create, modify, approve or cancel Trading Limits. They are only allowed to read the limits.

The user setup for the ECC Member Area to manage Trading Limits can be modified by submitting the T10s form to [memberreadiness@ecc.de](mailto:memberreadiness@ecc.de).

## Details of a Trading Limit

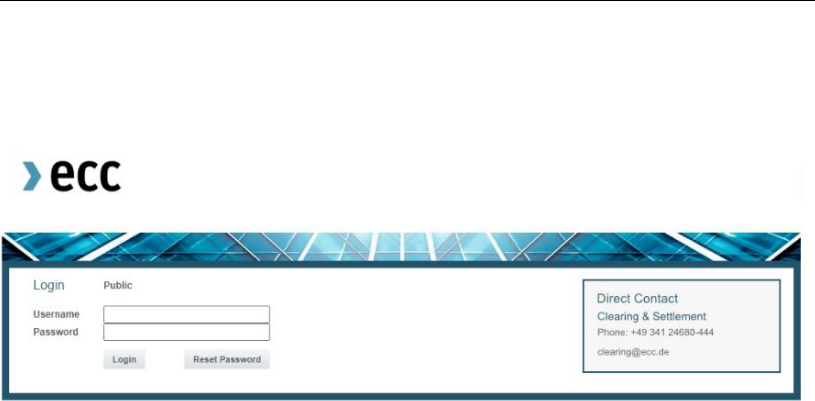
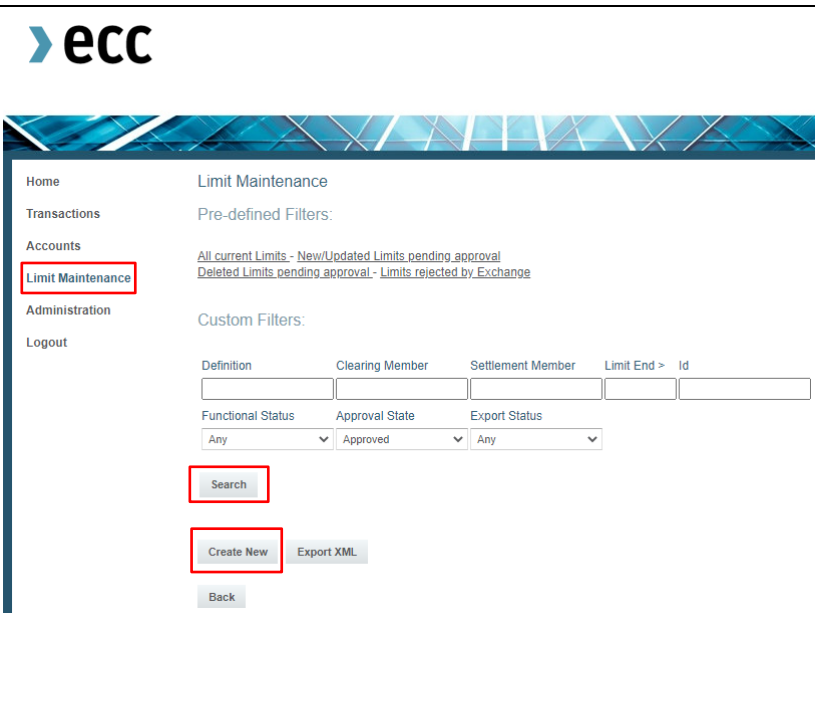
A Trading Limit has several features, which are in more detail defined in the following overview.

Id	V	Limit Definition	Clear. Member	Settln. Member	Limit Begin	Limit End	Value	Export	Action
<u>89</u>	0	EEX_EM_AUCTION_EUR		ZZZEX	2021-05-28		10000.00		

<b>Id</b>	The ID of the limit
<b>V</b>	V is the version of a limit. If the current Trading Limit is modified (e.g. limit adjustment), the system will create a new version of the Trading Limit
<b>Limit Definition</b>	The Limit Definition describes the defined market, where the Trading Limit is placed
<b>Clear. Member</b>	The ECC Member ID of the Clearing Member, if the limit was created by a Clearing Member-user
<b>Settln. Member</b>	The NCM is also defined as Settlement Member, so this column shows the Member-ID of the NCM
<b>Limit Begin</b>	Limit Begin defines the first date, when the limit comes into effect
<b>Limit End</b>	A Limit End shows the expiry date of the Trading Limit
<b>Value</b>	Displays the respective limit value
<b>Export</b>	The export status of the limit version, i.e. the transmission status for the transfer of the limit to the respective partner exchange
<b>Action</b>	Contains the options to approve or reject a pending created, adjusted, or deleted Trading Limit because of the four-eye approval process

## Example for the Workflow in detail

The following table will show you in detail the process to set or cancel a Trading Limit as a Non-Clearing Member (NCM). Limits set by the CM are done by the CM and not part of the description below.

<p>Log-in into the ECC Member Area with the credentials, which you've received after the admission through Member Readiness (Link: Member Area) or <a href="http://ecc.de/en/">ecc.de/en/</a> → Member Section → ECC Member Area</p>	
<p>After the log-in, select on the left menu switch "Limit Maintenance" to create a new Trading Limit with the button "Create New" underneath the table or to get an overview above the existing approved Trading Limit by using the "Search" button.</p>	

After clicking the button “Create New”, a user with the user role “ReadWriteLimit” is creating a new limit for the NCM in ECC Member Area

### Edit Limit

Limit successfully saved.  
Please note: The pending Limit has to be verified by another user.

ID: 85 Functional Status: Created

Limit Definition: EEX\_EM\_AUCTION\_EUR

Name:

Settlement Member: ZZZEX

Limit Value: 10000 EUR

Limit Begin: 2021-05-25 Effective Begin: 2021-05-25

Limit End: unlimited Effective End: unlimited

Creator: Settlement Member CCP:

Clearing Member:  TSO:

If there is already a valid Trading Limit for the NCM at the defined market, the system provides an information about the overlap.  
Only the lowest Trading Limit from CM or NCM is valid.

Attention! Similar limit with the same Limit Definition and overlapping validity period detected for this Settlement Member.  
If you still want to proceed, please check 'Ignore duplicate / overlapping limits' and press 'Confirm' again.  
Affected limits (Limit ID:Version): 67:0, 81:0

Ignore duplicate / overlapping limits

A second user with the user role “ReadWriteLimit” has to approve the created Trading limit. After the approval, the Trading Limit will be forwarded to ECC.

Definition  Clearing Member  Settlement Member  Limit End >  Id

Functional Status  Approval State  Export Status

Any  Pending  Any

Id	V	Limit Definition	Clear. Member	Settim. Member	Limit Begin	Limit End	Value	Export	Action
85	0	EEX_EM_AUCTION_EUR		ZZZEX	2021-05-25		10000.00		

Found 1 limits.

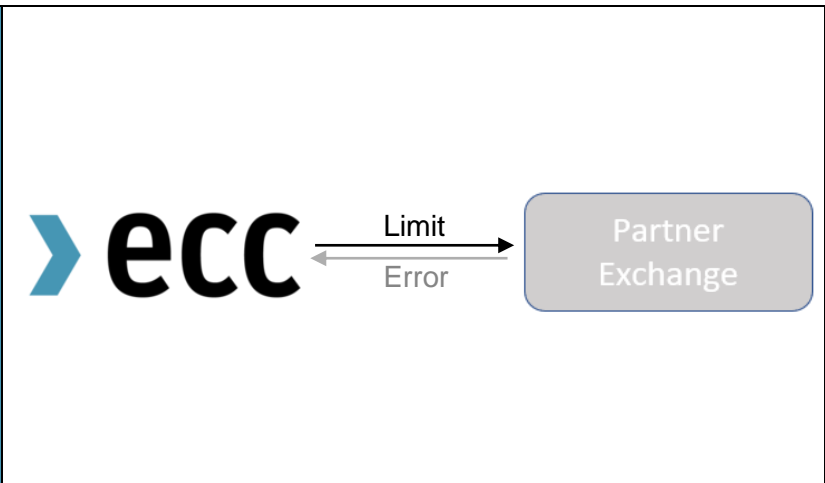


ECC forwards the Trading Limit to the Trading System, if the limit cannot be processed, the Trading System provides ECC information, whether the limit is processing or rejected and will be displayed in the ECC Member Area

The Export Status gives information, if the Trading Limit is confirmed by the exchange or not.  
 Created = Limit export pending  
 Initiated = Limit awaiting response from exchange  
 Processed = Limit confirmed by exchange

To modify a Trading Limit, click on “ID” at the approved limit and select “Edit”.  
 To cancel a Trading Limit, click on the red cross under “Action” behind the limit.

Both procedures have to be approved by a second user.



Id	V	Limit Definition	Clear. Member	Settlm. Member	Limit Begin	Limit End	Value	Export	Action
57	2	EEX_EM_AUCTION_EUR		ZZZEX	2021-04-13		3500.00		
61	2	EEX_EM_AUCTION_EUR	ABCEX/ECC	ZZZEX	2021-04-14	2021-05-03	2556.00		
79	0	EEX_EM_AUCTION_EUR		ZZZEX	2021-04-27		1000.00		

Found 3 limits.

Cancelled limits are shown in grey letters, pending limits are shown in italics. Limits which have been rejected by Exchange are marked with in column Export.

Export Status

Process Status	Process Timestamp	Status Message	Note
Initiated	2021-03-23 14:00:00		Limit awaiting response from exchange
Created	2021-03-23 13:56:41		Limit export pending

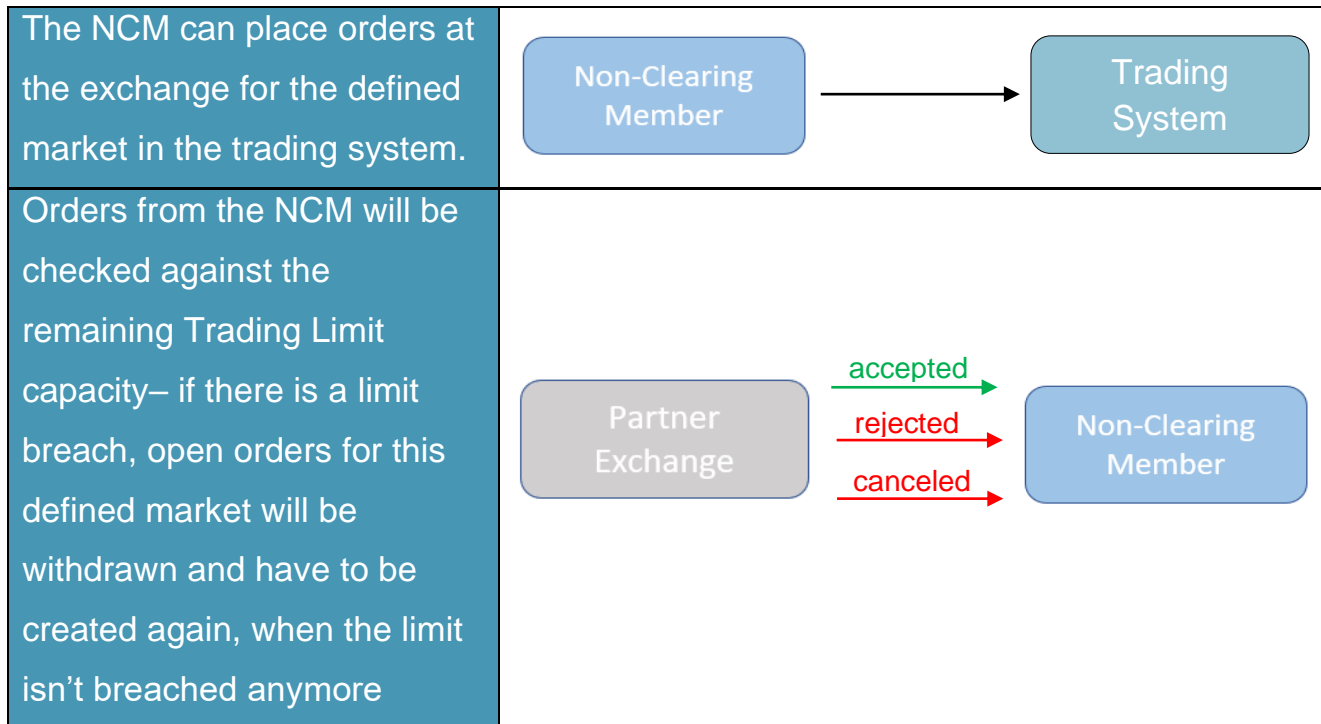
[Edit](#)

Functional Status:  Approval State:  Export Status:

Id	V	Limit Definition	Clear. Member	Settlm. Member	Limit Begin	Limit End	Value	Export	Action
47	1	EPEX_AUCTION_EUR		ZZZEX	2021-03-23		1000.00		

Found 1 limits.

Placement of an order:



**If you have any questions about this document, please contact us under: [clearing@ecc.de](mailto:clearing@ecc.de) or +49 (0) 341 24680 444.**

## Further documents

### ECC Rules and Regulations

<http://www.ecc.de/ecc-en/about-ecc/rules>

### ECC Risk Management Services

<https://www.ecc.de/en/risk-management/trading-limits>

### ECC Margining and ECC Risk Parameter File

<http://www.ecc.de/ecc-en/risk-management/margining>

### ECC Price List

<http://www.ecc.de/ecc-en/about-ecc/rules/price-list>

### ECC Member Area User Guide

<http://www.ecc.de/ecc-en/member-section/user-guides-manuals>