

## Emissions Expiry December 2019 & End of Year Processes

### Summary

In this Clearing Circular, ECC provides information regarding the delivery processes for the December 2019 expiry of EEX Emissions Futures and regarding processes over the Christmas and New Year period, specifically:

- Financial Settlement of Spot Market Transactions and Physical Futures
- Holiday Adjustment Initial Margin Spot Market on 24<sup>th</sup> December 2019
- Cascading Futures on 27<sup>th</sup> December 2019
- Business Processes on 24<sup>th</sup> and 31<sup>st</sup> December 2019
- Reporting Procedures on all holidays and at the weekends
- Settlement Hours of the Derivatives Markets Powernext, NXE and HUDEX.

### Contact

European Commodity Clearing AG  
Clearing & Settlement  
Phone: +49 341 24680-444  
E-mail: [clearing@ecc.de](mailto:clearing@ecc.de)

## Overview of the 2019 Expiry and Delivery days

The expiry and delivery days of the DEC19 contracts for Emissions Futures and Options are as follows:

Contract	Last Trading day / Expiry day	Delivery day / Booking Day
FEUA (for EUA) FEAA (for EUAA) F2CR (for CER)	16/12/2019	18/12/2019
OEUA (for FEUA DEC19)	11/12/2019	11/12/2019

EUA Options will be exercised into the underlying EUA futures contract and booked in the system with the respective strike price of the option.

The change in the EUA Futures position trigger an update of the ECC internal delivery account forecast for EUAs in the ECC Member Area the following day at around 11:00 am CET.

### Emissions delivery processes for net short positions

All trading participants with a net short position (i.e. sellers) in the respective contracts have to transfer the EUAs to the ECC registry account **EU-100-5016813-0-69 by 4:00 pm CET on 17<sup>th</sup> December 2019 at latest.**

The ECC registry account should be included in your Trusted Account List in order to ensure the instant transfer of the certificates.

If the ECC registry account is included in your Trusted Account List, this status is set immediately after a transaction has been entered, in all other cases a period of 26 hours applies. Please consider the opening hours of the Union Registry for the transfers. The current holdings of EUAs in the internal delivery account at ECC can be retrieved by every trading participant via the ECC Member Area (<https://www.ecc.de/ecc-en/member-section>).

## **Emissions Delivery processes for net long positions**

The emission allowances of expired futures positions will be delivered to the internal custody accounts of ECC on 18<sup>th</sup> December 2019 from 8:30 am CET onwards. The emission allowances could be transferred to a registry account of your choice on the delivery day from 11:30 am CET onwards, if required according to your registry transfer requests.

Please remember that Registry Transfer Requests for delivery have to be recorded via the ECC Member Area at least one business day before the desired transaction should take place in the registry for a free of charge processing, otherwise you have the option to use the fast track delivery service subject to a fee of € 500.00 per transaction.

Furthermore, please consider that transactions in the registry have a processing time of up to 26 hours if your account is not included in the ECC Trusted Account List.

## **Financial settlement**

Financial settlement takes place on the delivery day in line with the daily EUREX cash settlement.

## **Margining**

In case a net short position is not covered with a respective delivery of certificates by 4:00 pm CET one business day prior to delivery of the respective futures contract, ECC collects a Delivery Margin for the short position which is not covered.

Moreover, ECC will cover the risk of a price change resulting from open deliveries or payments with an Additional Margin to apply after expiry until delivery of the futures, for net long and uncovered net short positions. These margins are also reported via standard EUREX reports under the margin class AMEM (Additional Margin Emissions) on the expiry day and will be released once the financial and/or physical settlement has been conducted.

## **Reporting**

Financial Settlement of EEX Emissions Futures Contracts with Expiry in December 2019 will be reported in ECC Payment Report Summary (PRS) and Payment Report

Detail (PRD). The reports will be distributed at around 6:30 pm CET on 17<sup>th</sup> December 2019 via ECC FTP or via e-mail. Financial Settlement will be completed at 18<sup>th</sup> December 2019.

For further details on the reporting technical setup we advise to consult Clearing Circular No. 17/2019 published on 6<sup>th</sup> May 2019.

### **Access to the ECC Member Area and functions**

Access to the ECC Member Area can be requested by using the T10-form. In this context, at least two users with write access (“TP” function) have to be set up as a matter of necessity since deliveries have to be confirmed in 4-eyes-principle. The fully completed form can be returned to ECC along with the legally binding signatures preferably via fax or e-mail to the Member Readiness (memberreadiness@ecc.de) department of ECC. Please remember that a processing time of at least one business day is necessary for setting up the access. In addition to retrieving your holdings and requesting deliveries, the ECC Member Area also enables you to subscribe to Delivery Reports. More details regarding the ECC Member Area are provided in the User Guide on ECC’s website.

## **End of Year Processes**

### **Financial Settlement of Spot Market Transactions and Physical Futures without BoM settlement**

Please find below an overview of the financial settlement of spot market transactions and physical futures in delivery without BoM settlement:

<b>Trading day (Spot Market) / Delivery day (Futures)</b>	<b>Provision of payment reports</b>	<b>Financial settlement day</b>
24/12/2019	24/12/2019	27/12/2019
25/12/2019 – 27/12/2019	27/12/2019	30/12/2019
28/12/2019 – 30/12/2019	30/12/2019	31/12/2019
31/12/2019	31/12/2019	02/01/2020
01/01/2020 – 02/01/2020	02/01/2020	03/01/2020

## **Holiday Adjustment Initial Margin Spot Market on 24<sup>th</sup> December 2019**

The holiday adjustment Initial Margin Spot Market will be called on 24<sup>th</sup> December 2019. The calculation results can be found in the report CC750 Daily Margin in the margin class IMSM.

## **Cascading Futures on 27<sup>th</sup> December 2019**

Please be aware that settlement of cascading futures (applicable to commodities Power, Natural Gas and Wind Power) with delivery periods quarter and year will take place on 27<sup>th</sup> December 2019. For further details please consult Clearing Circular No. 46/2019 published on 30 October 2019.

## **Business Processes on 24<sup>th</sup> and 31<sup>st</sup> December 2019**

Please note that 24<sup>th</sup> and 31<sup>st</sup> December 2019 are regular business days at ECC. Daily cash settlement (variation margin, financial settlement of physical futures, financial settlement for the spot market, margin calls etc.) will therefore take place as usual on these days.

Contrary to regular settlement days the derivative market will close earlier on these days. ECC will record the settlement prices for derivatives contracts by approximately 3:00 pm CET.

The payment and trade reports for the spot market transactions and products in delivery will be provided by ECC at around 05:00 pm CET.

## **Reporting Procedures on all holidays and at the weekends**

ECC will continue to generate and send the daily trade reports on all holidays and at the weekends at the usual time of 04:50 pm CET.

## **Settlement Hours of the Derivatives Markets Powernext, NXE and HUDEX**

On 24<sup>th</sup>, 27<sup>th</sup> and on 31<sup>st</sup> December 2019 markets may operate with reduced trading and settlement hours or they will be open for trading but not settlement. For trading details, please refer to the appropriate exchange calendar.

## **Appointment of a Contact Person**

At this point, we would like to ask our clearing members to appoint a contact person for financial settlement on 24<sup>th</sup> and 31<sup>st</sup> December 2019 by sending an e-mail to [clearing@ecc.de](mailto:clearing@ecc.de) latest by Wednesday, 18<sup>th</sup> December 2019.