



one clear connection

▶ **ECC Clearing Circular 08/2017 | 2017-03-17**

Amendment of Clearing Conditions – Release 37a and removal of ECC Lux from the delivery chain in the emissions market

Summary

In relation to the nomination of EEX as the common auction platform for Primary Auctions in EU Emission Allowances and EU Aviation Allowances ECC – as the Clearinghouse of EEX – will amend its rules to make them compliant with the requirements of the Primary Auctions. These amendments also entail a few operational changes.

In addition to that a few small amendments in the Clearing Conditions were made to reflect other operational needs.

A brief overview of the changes is provided below.

The new release 37a will take effect as of **April, 1th 2017**.

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Overview of the Changes in the Clearing Conditions and resulting operational changes

I. Changes in respect of Primary Auctions of EU Emission Allowances

As a result of the tender process with the European Commission two main changes have been implemented into the Clearing Conditions:

1. In all spot and derivative transactions in respect of emission rights (covering and CERs, EU Emission Allowances, EU Aviation Allowances (the latter referred to as “Allowances” in the Clearing Conditions)) ECC AG instead of ECC Lux will be the direct contractual counterparty of Trading Participants for the financial and physical settlement. Respective amendments in section 3.3.1 para 2 and 3.3.3 reflect the new contractual situation.
2. As a result of the above
 - the invoicing of transactions in the emissions markets will be changed with regards to ECC AG’s clearing fees and the delivery of emission rights. As of April 1st, 2017 you will receive invoices and self-bill invoices directly from ECC AG instead of ECC Lux.
 - Emission Rights will be held in the trading account of ECC AG in the Union Registry.
3. Provisions specifically relating to primary auctions of Allowances have been deleted from the main body of the Clearing Conditions and are now pooled in the new chapter 6 under the headline “Special Provisions regarding the Primary Auctions of Allowances”. This new section describes
 - in section 6.1: Requirements for Participation in Primary Auctions
 - in section 6.2: Settlement of Disputes and Liability
 - in section 6.3: Settlement Finality which refers to the new section 8.3 on Settlement Finality in respect of Primary Auctions.
 - in section 6.4: Clearing and Settlement of Primary Auctions including
 - Transfer of Allowances to be auctioned,
 - Conclusion of a Transaction,
 - Contractual Obligations;
 - Principles of the Settlement of the Transactions and Reports
 - Financial Settlement
 - Treatment of the Transactions in Terms of Value added Tax
 - Delivery of the auctioned Allowances to the successful Bidders
4. New definitions of Allowances, Auctioneer, Emission Rights, Registry Based Products and an amended definition of Share in Collective Holding (old: Emission Right).

II. Other changes in Reflection of operational Needs

1. In order to facilitate acceptance of foreign currencies as cash collateral section 3.5.4 has been amended to clarify that ECC may limit the scope of such acceptance.
2. As the settlement process of emission rights now differs from the settlement process of guarantees of origin both settlement provisions have been separated in section 4.2.5 and 4.2.6 for derivative market transactions and in section 5.3 and 5.4 for spot market transactions.

The new version of the Clearing Conditions including a track-changes version is available on ECC's website at <http://www.ecc.de/ecc-en/about-ecc/rules>.

Overview of the Changes on operational side

III. Changes to the invoicing process

From invoice month April 2017 onwards the invoices and self-bill invoices concerning emission products will be issued by ECC AG. The changes are reflected in the new version of [ECC's Price List](#) which is available at our website.

IV. Changes to the delivery process

ECC will change the account holder of the ECC registry account (EU-100-5016813-0-69) from ECC Luxembourg S.á.r.l. to ECC AG.

The account number itself will not change.