

# ECC Financial Settlement Opening a **Connected Bank** **Settlement Account** **EUR+GBP**

Financial Settlement & Invoicing  
Leipzig, 14/12/2023

# One Clear Connection



ECC is the leading clearing house for commodity products in Europe and beyond. ECC was founded in 2006 and as part of the EEX Group it provides clearing and settlement services for many exchanges. Trades, that are concluded at one of these exchanges, are cleared by ECC afterwards.

## What is Clearing?

In a nutshell clearing means ECC assures the fulfillment of each contract which is concluded or registered on one of these exchanges. After a trade has been concluded ECC steps in as a third party between the buyer and the seller. In this role it takes over the counterparty risk for each participant and guarantees payments and delivery for each contract.

# Fast, Secure & Cost Efficient

## Financial Settlement & Invoicing:

ECC does the financial settlement and clearing of the energy transactions contracted on the **EPEX SPOT, HUPX, SEMOpX and EEX exchanges**.

Characteristics:

- The payment and delivery have **strict timelines**. On each business day ECC initiates the collections and payments from and to the members connected bank accounts. The connected bank account is held by a member and dedicated to ECC clearing.
- We have a daily settlement cycle, which means that all trades conducted before **4 PM CET** are settled in the next morning. The payment and delivery have strict timelines: in case of a net debit, ECC initiates one urgent collection (MT101 Request for transfer) at the end of the business day (6 PM CET) with value date the next business day. Ideally this is processed overnight, as it is required, we receive all collections **the next morning before 8 AM (EUR) / 9 AM (GBP) CET**.
- The account is held with a bank that is **connected to** ECC payment bank **ABN Amro Bank** and is a **direct participant in TARGET2 (EUR)** or can **receive and issue CHAPS payments (GBP)**.
- ECC performs cash settlement for all transactions concluded at the partner exchanges.
- The member will allow ECC to issue payments from their account via MT101 Request for transfer messaging and support account reporting via MT940/942.
- Currency settlement: ECC's financial settlement includes both EUR and GBP.

# Connected Bank

## Connected Bank:

The Connected Payment Bank Payment Model with ECC involves a connection between **our** payment **bank ABN AMRO Bank (ABNANL2A)** and the **members settlement bank (connected bank)**. ABN is connected to more than 300 banks worldwide.

**EUR:** The connected bank must also be a direct participant in TARGET2.

**GBP:** The connected bank must be able to receive and issue CHAPS payments.

## Payments:

This setup allows ECC to send **MT101** Request for transfer messages via it's payment bank **ABNANL2A**, requesting the connected bank to transfer funds from the member's account to the account held by ECC.

## MT101 Request for Transfer:

The MT101 Request for transfer SWIFT message is a request to the connected bank to transfer funds from the member's account to the account held by ECC (ECC AG is the initiator; ABN AMRO Bank is the forwarding bank; the connected bank is the recipient).

**EUR:** The content of such messages resemble: please transfer amount x from member account y, via urgent swift, to ECC settlement account held at ABN AMRO Bank.

**GBP:** The content of such messages resemble: please transfer amount x from member account y, as CHAPS payment, to ECC settlement account held at ABN AMRO Bank UK.

# Account Setup with ECC:

## STEP 1: Choose a Connected Bank

Please check with the Financial Settlement & Invoicing Team ([direct.clearing@ecc.de](mailto:direct.clearing@ecc.de)), if your preferred bank is a **direct participant in TARGET2** and if your preferred banks **BIC codes** are **connected** to our payment bank **ABN AMRO Bank N.V.**

In order to do this, please provide the BIC code of the bank where you (plan to) hold your bank account and the BIC of their main branch\* or head office\* to the Financial Settlement & Invoicing Team.

\*Sometimes ABN is only connected to the main branch or head office of a bank. When this is the case, we may request you to contact your bank to see if the swift messages are processed centrally or are being forwarded. Would this be the case, we can also proceed with the setup.

Once the Financial Settlement & Invoicing Team has confirmed the **BIC is connected to ABNANL2A** and is a **direct participant in TARGET2 (EUR)** or is able to receive and issue **CHAPS payments (GBP)**, you will receive the DCP CM Confirmation Letter.

### DCP CM Confirmation Letter

ECC will initiate collections and payments between the blocked account **we hold with ABN Amro** and **your connected account**. The Direct Clearing Participant Clearing Member Confirmation Letter assures the payments are irrevocable. The DCP CM Confirmation Letter needs to be **signed** and **provided digitally** via e-mail to [memberreadiness@ecc.de](mailto:memberreadiness@ecc.de).

## STEP 2: Opening a Settlement Account

Ask for a cash management specialist for the setup of MT101 Request for transfer service on your account. The setup is not widely known and is mostly used between large corporates, so please ask for the assistance of a cash management specialist, if the setup is not known with your own account manager.

Having a connection does not always assure that the connected bank offers this service to each customer and/or allows third parties to issue payment requests or processes the payment requests in time. Therefore, it is advisable to ask your bank's cash management specialist for the MT101 Request for transfer service before entering a new relation/ opening an account.

Before the account opening, please also confirm the following requirements:

- **The account is on the name of the applicant.**
- **The account will be used exclusively for ECC clearing.**
- **Third party (ECC AG) will be allowed to debit the account.**
- **The MT101 Request for transfer messages can be processed automatically or without delay (see timing on the next slide).**
- **The MT940/942 reporting service is activated.**
- **The account allows CHAPS payments (only for GBP).**

## STEP 3: Technical Setup

Please provide the Financial Settlement & Invoicing Team ([direct.clearing@ecc.de](mailto:direct.clearing@ecc.de)) a fulfilled "**bank account**" sheet which you will receive after finding a BIC. The "bank account" sheet shall be filled with the following account information:

- **Client Details (IBAN, BIC, Address, Currency)**
- **Tag50 format (could be IBAN or BBAN)**
- **MT101 agreement**
- **Tag25 format (could be IBAN or BBAN)**

### **More about Tag 25 (MT940/ MT942) and Tag 50 (MT101):**

ABN AMRO Bank and the connected bank will need to make sure that the SWIFT fields **Tag 25** and **Tag 50** are the **same on both ends**. If there is a mismatch, the payments and reporting cannot be exchanged. In case your bank asks for a Tag25 / Tag50 suggestion, please propose the IBAN.

## STEP 4: Test Payment

- ABN Amro completes an Account Setup using the completed Bank Account sheet.
- **First test payment: Debit Instruction**  
After ABN Amro has completed the customer account setup, the test payment can take place. The customer must ensure that the account is sufficiently funded before making the first test payment. It should be noted that the Connected Bank may charge fees.
- After a successful debit test payment, further internal setup steps take place.
- **Second test payment: Credit Instruction**  
After the internal setup steps have been completed, the credit test payment can take place.
- After a successful credit test payment, the account setup is complete.

*We will confirm the technical setup only after a successful test payment, where a transfer from your account with the connected bank will be initiated by the ECC AG. The account will be then ready to be used for the financial settlement.*

# Thank you!

## **Financial Settlement & Invoicing Team**

phone: +49 341 24680-444

e-mail: [direct.clearing@ecc.de](mailto:direct.clearing@ecc.de)

## **European Commodity Clearing AG**

Augustusplatz 9

04109 Leipzig, Germany

[www.ecc.de](http://www.ecc.de)