

Minimum Cash Quota – ECC Implementation

At ECC a Minimum Margin Cash Quota (percentage value of the Total Margin Requirement) must be fulfilled by the Institution Clearing Member for margin collateral. This document contains typical examples, assuming a Minimum Cash Quota of 50%.

Disclaimer: All examples are designed for illustration purpose only. ECC does not accept any liability for the completeness or correctness of the summarized information. For accurate system processing and reporting the C7 Simulation environment is available.

Cash Quota per collateral pool – Type of Money “QUOTA”

Minimum Cash Quota must be fulfilled per collateral pool of Institution Clearing Member. The required Minimum Cash Quota, x% of Total Margin Requirement (TMR), will be maintained automatically as Type of Money (ToM) “QUOTA”:

Pool	TMR	Min Cash Quota (50% TMR)	Securities Collateral	Cash Collateral	
				QUOTA	OWN
A	100	50	30	50	20
B	80	40	60	40	0
C	150	75	0	75	75

Scenarios covered:

A: Securities, Cash (QUOTA) and Cash (OWN) required to satisfy margin call

B: Securities, Cash (QUOTA) satisfy TMR → Cash (OWN) set to 0

C: No securities → Cash (QUOTA) and Cash (OWN) distributed by Minimum Cash Quota (percentage)

Permanent cash collateral - Type of Money “TERM”

Cash collateral declared as permanent cash collateral (Type of Money “TERM”) will be considered to cover the Minimum Cash Quota requirement and hence reduce the position in Type of Money “QUOTA”. The sum of cash collateral in Type of Money TERM and QUOTA is greater or equal than the cash collateral satisfying the Minimum Cash Quota:

Pool	TMR	Min Cash Quota (50% TMR)	Securities Collateral	Cash Collateral		
				TERM	QUOTA	OWN
A	100	50	30	40	10	20
B	80	40	60	30	10	0
C	100	50	50	30	20	0
D	150	75	0	80	0	70
E	110	55	0	120	0	0

Scenarios covered:

A-C: Cash (QUOTA) partially covered by Cash (TERM) → If required, Cash (OWN) to satisfy TMR

D: Cash (TERM) fully cover Min Cash Quota → No Cash (QUOTA)

E: Cash (TERM) fully cover Min Cash Quota and TMR → No Cash (QUOTA) and Cash (OWN)

Specific settings for segregated collateral pools

A segregated collateral pool can be setup with different configurations. The Cash Quota maintenance in Type of Money “QUOTA” will take place independent of the pool specific setup. Only margin requirement in Type of Money “OWN” is impacted by the settings.

Direct Debit = No (Margin shortfall must be covered by the Default Pool)

Pool	TMR	Min Cash Quota (50% TMR)	Securities Collateral	Cash Collateral			Shortfall covered by Default Pool
				TERM	QUOTA	OWN	
A	100	50	10	0	50	10	30
A1	120	60	10	0	60	10	40
B	100	50	10	60	0	10	20
B1	120	60	10	60	0	10	40
B2	140	70	10	60	10	10	50

Scenarios covered:

A: Cash (OWN) fixed. → Cash (QUOTA) booked;

A1: Margin increase to A → increase in Cash (QUOTA)

B: Cash (TERM) fully cover Min Cash Quota → No Cash (QUOTA)

B1: Margin Increase to B → Cash (TERM) fully cover Min Cash Quota → No Cash (QUOTA)

B2: Margin Increase to B/B1 → Cash (TERM) partially cover Min Cash Quota → Cash (QUOTA) required

Auto-Repay = No (Excess cash collateral shall not be withdrawn automatically)

Pool	TMR	Min Cash Quota (50% TMR)	Securities Collateral	Cash Collateral			Excess Cash Collateral
				TERM	QUOTA	OWN	
A	100	50	10	0	50	60	20
A1	80	40	10	0	40	60	30
B	100	50	0	0	50	100	50
B1	100	50	0	100	0	0	0
C	140	70	10	60	10	60	0
C1	120	60	10	60	0	60	10
C2	100	50	10	60	0	60	30

Scenarios covered:

A/A1: Cash (OWN) fixed. → Cash (QUOTA) booked

A1: Margin reduction to A → reduce in Cash (QUOTA), but not in Cash (OWN) → Excess cash collateral

B/B1: TMR fully covered by (B) Cash (OWN) or (B1) Cash (TERM) → (B) excess or (B1) no excess cash

C: Cash (TERM) partially cover Min Cash Quota → Cash (QUOTA) reduced

C1/C2: Margin reduced to C/C1, Cash (TERM) fully cover Min Cash Quota → No Cash (QUOTA) and no change in overall Cash Collateral

Trading Participant collaterals (Bank guarantees and Emission Certificates)

Besides the required Cash Quota on Pool Level, Trading Participant Collateral (Bank Guarantee and Emission Certificates) need to be covered in addition. Coverage can take place on any collateral pool of the Institution Clearing Member.

Pool	TMR	EUA / Guarantee value	Min Cash Quota (incl. EUA/Gua)	Securities Collateral	Cash Collateral		
					TERM	QUOTA	OWN
A1	100	20	130	20	0	50	30
A2	140	0		70	0	70	0
B1	100	20	130	50	0	50	0
B2	140	0		70	80	0	0

Scenarios covered:

A1/A2: Cash (QUOTA) + Cash (OWN) satisfy Cash Quota on CM-Level (Pools A1 and A2)

B1/B2: Cash (QUOTA) + Cash (OWN) do not satisfy Cash Quota incl. EUA/guarantee → Cash (TERM) required to be used