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Introduction of new derivatives for the EEX Power, Freight and Environmental offering

Enhancement of EEX Asia Freight Product Suite

Summary

From **June 3rd 2019** onwards ECC will offer clearing services for new EEX derivatives products, including new futures and options contracts for power and freight, as well as new EEX Asia freight futures and options contracts.

In addition, ECC will offer extended clearing services for EEX European carbon options.

This Clearing Circular contains information regarding the product setup, the clearing and settlement processes as well as the preconditions for participation.

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Product Setup

EEX Power Futures Offering

The new EEX power futures offered at EEX for order book trading and trade registration will be set up as follows within the ECC clearing system:

Product ID	Name	SMSS Product Group
FVB1 – FVB5	PXE Slovenian Power Base Week Futures	EEX_FT_POWER_SI
FVBM, FVBQ, FVBY	PXE Slovenian Power Base Month, Quarter, Year Future	
FVP1 – FVP5	PXE Slovenian Power Peak Week Futures	
FVPM, FVPQ, FVPY	PXE Slovenian Power Peak Month, Quarter, Year Future	
FZB1 – FZB5	PXE Serbian Power Base Week Futures	EEX_FT_POWER_RS
FZBM, FZBQ, FZBY	PXE Serbian Power Base Month, Quarter, Year Futures	
FKB1 – FKB5	PXE Bulgarian Power Base Week Futures	EEX_FT_POWER_BG
FKBM, FKBQ, FKBY	PXE Bulgarian Power Base Month, Quarter, Year, Futures	

EEX and EEX Asia Freight Derivatives Offering

The new EEX Asia freight derivatives¹ offered at EEX Asia² for trade registration will be set up as follows within the ECC clearing system:

Product ID	Name	SMSS Product Group
H7TC	EEX - Handysize 7TC Freight Futures	EEX_FT_FREIGHT_TC_USD
OH7C	EEX - Handysize 7TC Freight Options	EEX_OT_FREIGHT_TC_USD
P5TC	EEX - Panamax 5TC Freight Futures	EEX_FT_FREIGHT_PM_USD
OP5M	EEX - Panamax 5TC Freight Options	EEX_OT_FREIGHT_PM_USD
NH7T	EEX Asia - Handysize 7TC Freight Futures	CLTX_FT_FREIGHT_TC_USD
ONH7	EEX Asia - Handysize 7TC Freight Options	CLTX_OT_FREIGHT_TC_USD
NP5T	EEX Asia - Panamax 5TC Freight Futures	CLTX_FT_FREIGHT_PM_USD
ONP5	EEX Asia - Panamax 5TC Freight Options	CLTX_OT_FREIGHT_PM_USD

¹ Both Handysize 7TC freight futures contracts and corresponding option contracts as well as both Panamax 5TC freight futures contracts and corresponding option contracts listed on the respective exchanges EEX and EEX Asia share an identical product specification.

² EEX Asia is the trading name of Cleartrade Exchange Pte Ltd which is a regulated futures exchange based in Singapore and is a Recognised Market Operator (RMO) regulated by the Monetary Authority of Singapore (MAS). EEX Asia is part of EEX Group.

EEX Environmental Offering

The offering for the European Carbon Option OEUA will be extended as follows:

- Additionally to the December expiries the Quarterly and Monthly expiries³ will be offered.

Detailed information on the product setup is provided in the ECC Clearing Specification and in the ECC Contract Detail File, which are available for download on the ECC website.

Clearing Process

Registration of transactions for clearing

The transactions registered on EEX or EEX Asia will be imported into the EUREX clearing system and integrated into the standard clearing processes for derivative contracts. Transactions are included in the EUREX data streams and in the EUREX reports. In addition, transactions can be retrieved via the ECC Member Area after 9:30 am CET on the next ECC business day.

The transactions are processed in the ECC settlement system SMSS for invoicing purposes using product groups mentioned above.

Financial settlement

All power futures are settled financially in EUR. For the open positions at the end of each ECC business day a variation margin is calculated using the settlement prices obtained from EEX. The settlement prices are published in the EUREX system at approximately 7:00 pm CET on each ECC business day.

The futures on freight are settled financially in USD. For open future positions and new transactions in futures a variation margin is calculated on every ECC business day and settled on every USD cash settlement day. The settlement prices required to this end are determined by EEX Asia for all freight futures (i.e. also EEX freight products) in the product currency USD and published in the EUREX system at approximately 7:00 pm CET. That also mean that corresponding contracts of EEX Asia and EEX are settled with the same settlement price.

For new transactions in the freight option products the buyer is obliged to pay an option premium in USD to the seller on the USD cash settlement business day following the transaction date. At expiry of the option the buyer has the right to exercise the option in order to receive a position on the underlying future contract at the agreed strike level.

Margining

For open positions an initial margin and premium margin for options will be calculated on each ECC business day according to ECC's standard methodology. Margin parameters are updated and published in the SPAN⁴ parameter file on the ECC website. The new EEX Asia products will be listed under the exchange complex "EEX – European Energy Exchange" inside the SPAN file.

The initial margin requirements will be reported in the SPAN margin class and premium margin in separate margin classes per product in the EUREX Report CC050 Daily Margin.

³ The underlying is the EUA Dec Futures, which expires in the year specified in the respective option.

⁴ SPAN® is a registered trademark of Chicago Mercantile Exchange Inc., used herein under license. Chicago Mercantile Exchange Inc. assumes no liability in connection with the use of SPAN by any person or entity.

Fees and Invoicing

Further information on the ECC fees can be found on our ECC website (<https://www.ecc.de/ecc-en/about-ecc/rules/price-list>).

EMIR Reporting

Please note that EEX future and option contracts as well as EEX Asia future and option contracts have to be reported according to EMIR Article 9. Therefore ECC's EMIR Data Services will automatically be extended to these products.

Preconditions for Participation

Clearing Member

The ECC clearing licence for Clearing Members already covers the clearing of Power Futures for the market areas of Slovenia, Serbia and Bulgaria, as well as the clearing of Freight Futures and Options.

Non-Clearing Member

Trading Participants who have already been approved for participation in EEX Financial Power Futures will automatically be approved for trading the EEX Financial Power in the market areas Slovenia, Serbia and Bulgaria.

Trading Participants who have already been approved for participation in EEX Freight Futures and Options and/or EEX Emission Options and/or EEX Asia Freight Futures and Options will automatically be approved for trading the new corresponding contracts within these particular market areas respectively.

Trading Participants who are admitted at ECC but have not been registered at EEX or EEX Asia have to complete the full admission process for the respective exchange.

New Participants who have not been registered with ECC so far have to complete the admission process as a Non-Clearing Member including the ECC KYC process.

Clearing Members are requested to check the product assignments and quantity limits for their NCMs accordingly.