

Introduction of NOREXECO Recovered Paper Futures

Summary

From **14 October 2019** onwards ECC will offer clearing services for NOREXECO financial futures on recovered paper OCC 1.04 Europe.

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

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Product Setup

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

Product ID	Name	SMSS Product Group	Currency
NFOM	NXE Recovered Paper Fastmarket FOEX PIX OCC 1.04 EUROPE Futures	NXE_FT_PAPER_OCCEU	EUR

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

The new futures will be processed similarly to other existing NOREXECO futures settled by ECC.

Registration of transactions for clearing

The transactions concluded on NOREXECO will be imported into the ECC clearing system C7 and integrated into the standard clearing processes for derivative contracts. Transactions are included in the C7 data streams and in the C7 reports. In addition, the transactions can be retrieved via 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

The product is 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 NOREXECO. The settlement prices are published in the C7 system at approximately 7:00 pm CET on each ECC business day.

Margining

For open positions an initial margin will be calculated according to ECC's standard methodology (SPAN¹). Margin parameters are updated and published daily in the SPAN parameter file on the [ECC website](#).

The initial margin requirements will be reported in the SPAN margin class in the Report CC750 Daily Margin.

¹ 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

NOREXECO invoicing for trading fees and fee collection will be performed by ECC on behalf of the exchange. The following fees will be charged according to the ECC Price List:

Transaction	ECC Clearing Fee
Derivative trades in Recovered Paper OCC 1.04 Europe in EUR (ECC)	0,10 €/t

EMIR Reporting

Please note that NOREXECO futures have to be reported according to EMIR Article 9. Therefore ECC's EMIR Data Services will automatically be extended to this product.

Preconditions for Participation

Clearing Member

The ECC clearing licence for Clearing Members already covers clearing of the new contracts.

Non-Clearing Member

Trading participants who are already admitted for trading at NOREXECO have to submit the respective TP form for trading the new product to ECC latest until **13 September 2019** which is available on ECCs website.

Generally participation in trading requires an application for recognition as a trading participant at NOREXECO (NXE01) and a current NCM agreement (NCM02) including the "NOREXECO ASA" market or "All Markets". Trading 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.

The corresponding forms are available for downloading on ECCs website.