

Restructuring of Clearing Conditions – Release 46a

Summary

In this new release we have substantially restructured the Clearing Conditions mainly by eliminating redundancies. Most changes are hence not substantial but a result of the new structure. Due to the comprehensive work in the document it is not possible to provide a change version in German. However, a change version is available in English.

The changes will take effect as of **September 16, 2019**.

An overview of the changes is provided below.

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The primary aim of the current amendments was to sharpen the structure and logic of the Clearing Conditions by eliminating redundancies and increasing readability and comprehensibility. Many changes are a result of this aim. To achieve this, we centralized special topics in dedicated chapters, such as all regulation regarding margins and collateral are now in chapter 3.4 and the financial and physical settlement is now bundled in the new chapter 4.

Other amendments are made for clarification purposes (e.g. changes in the terminology) and to correct formal errors (e.g. deviations in the English translation). No major content changes are associated with this.

Hereinafter we provide you with a general overview of the changes, for details, please have a look at the Clearing Conditions Release 46a available under <https://www.ecc.de/ecc-en/about-ecc/rules>.

1. Definitions

Terms not in use any longer or only used a couple of times in the text have been deleted from the definitions. Other, often used terms have been added.

For clarification purposes the terminologies for the pledge accounts/deposits have been changed. This does not entail any substantive change of the pledged accounts. A definition of Delivery Time has been introduced to complement the already existing Delivery Period. Also new is a definition of Transmission System Operator. Instead of power and natural gas we have introduced the term grid-bound energy, instead of Clearing Member Representative used in the course of a default now Insolvency Administrator is used (for example see new section 3.10.3).

2. Communication via e-mail

Where possible and reasonable, communication by e-mail was allowed. In some cases, communication in electronic form was already possible. We have now specified this more precisely where e-mail communication is permitted and sufficient. You will find those changes for example in section 2.2 para. 2 and 2.1.3 para 4, section 2.1.6 para. 2, sections 2.1.8 para. 2 and 2.1.9 para 1, section 2.2.3 para. 1, section 2.6.2 para. 1 subpara. 3, section 3.2 para. 4 subpara. 3, section 3.3.8 para. 2 and section 3.5.9 para. 3.

3. Former section 3.4 (Deviations in the physical settlement of grid-bound products)

This section was moved completely to the new special section 4.8.5 in chapter 4.8 where the provisions relating to the physical delivery of products are summarized. No substantial changes to the content of the provisions were undertaken.

4. Former section 5.1.1. (Fundamental principles regarding the establishment of margins) and 5.1.2 (Principles of the establishment of margins for DCP Clearing Members)

These sections were moved to section 3.4.3 and also contain some clarifications in respect of the margining principles.

5. Former section 4.1 (Fundamental principles of the establishment of margins)

This sections was moved to section 3.4.4 and also reworked to improve clarity.

6. Section 3.5.9

The amendments in para. 1 of section 3.5.9 were made for clarification purposes. Para. 2 in the English version is only a correction of the translation of the valid German text.

7. Former chapter 4 (Special provisions regarding Derivatives Market Transactions) and chapter 5 (Special Provisions regarding Spot Market Transactions)

The previous distinction between Spot and Derivatives Market Transactions and the further distinction between the respective commodities have been changed in favour of a distinction between financial and physical settlement including, if applicable, variation margin rulings, see 4.1 to 4.3. As a result, many text passages were moved centrally to chapter 4 and redundancies were deleted. The English version includes explanations in the comments that help to understand the movements.

This also means that all sections regarding the distinction between the settlement of the respective commodities (former section 4.4.3 to section 4.4.6) were deleted.

New Section 4.7

All sections regarding tax payments have been combined in section 4.7.

New Section 4.8

The provisions regarding Natural Gas Trading (former section 5.6) are deleted, as the former distinction between power and natural gas trading were replaced by joint rules for the grid-bound energy contracts in the new section 4.8.

New Section 4.9

The physical settlement of registry based products have been combined as far as possible in order to avoid duplication, but to take account of the particularities of each case.

8. Section 5

The content of the former section 6 regarding primary auctions of Emission Allowances was not changed.

9. Section 6.2.1

The possibility to give information necessary for the performance of a Default Management Auction was amended in para. 2 of section 6.2.1 (h) for clarification purposes.

10. Section 6.3

An additional rule on the interpretation of the Clearing Conditions has been added.