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NOREXECO Recycled Paper and Pulp Future

Summary

From **7 September 2020** onwards European Commodity Clearing (ECC) will provide clearing services for new NOREXECO (NXE) Recycled Paper and Shanghai Pulp Futures. The launch of the new Pulp Futures, based on Shanghai Futures Exchange pulp prices is subject to China Securities Regulatory Commission (CSRC) approval.

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

Please don't hesitate to contact us if you should have further questions.

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Product Setup

The new NXE derivatives contracts will be set up as follows within the ECC clearing system:

Product ID	Name	SMSS Product Group	Currency
NFOM	NXE Recycled Paper Fastmarket FOEX PIX OCC 1.04 Europe Month Futures	NXE_FT_PAPER_OCCEU	EUR
NFSM	NXE Shanghai Pulp Month Futures	NXE_FT_PULP_SHAUS	USD

Detailed information on the product setup is provided in the ECC Clearing Specification and in the ECC Contract Detail File available for download on the [ECC website](#).

Clearing Process

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

Registration of transactions for clearing

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

The products are settled financially in the respective currency mentioned above. For the open positions at the end of each ECC business day a variation margin is calculated using the settlement prices obtained from NXE. 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). Initially Cross Margining is not applied for the new futures. Margin parameters are updated and published on a daily basis 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.

Fees and Invoicing

The following clearing fees will be charged according to the ECC Price List:

Transaction	ECC Clearing Fee
NXE Recycled Paper Fastmarket FOEX PIX OCC 1.04 Europe Month Futures	0.10 €/t
NXE Shanghai Pulp Month Futures	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.

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

Non-Clearing Member

Trading participants who are already admitted for trading at NOREXECO have to submit the respective product extension form (TP_NXE_01) to ECC.

Participation in trading requires an application for recognition as a trading participant at NOREXECO (TP_NXE_01) 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 download on the [ECC website](#).