

Emissions Expiry December 2020 & End of Year Processes

Summary

In this Clearing Circular, ECC provides information regarding the delivery processes for the December 2020 expiry of EEX Emission Futures and regarding processes over the Christmas and New Year period, specifically:

- Financial Settlement of Spot Market Transactions and Physical Futures
- Holiday Adjustment Initial Margin Spot Market late December 2020
- Cascading Futures on 29th December 2020
- Business Processes on 24th and 31st December 2020
- Reporting Procedures on all holidays and at the weekends
- Settlement Hours of the Derivatives Markets NXE and HUDEX.

Contact

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Overview of the 2020 Expiry and Delivery days

The expiry and delivery days of the DEC20 contracts for Emissions Futures and Options are as follows:

Contract	Last Trading day / Expiry day	Delivery day / Booking Day
FEUA (for EUA) FEAA (for EUAA) F2CR (for CER)	14/12/2020	16/12/2020
OEUA (for FEUA DEC20) OEUB (for FEUA DEC20)	09/12/2020	09/12/2020

EUA Options will be exercised into the underlying EUA futures contract and booked in the system with the respective strike price of the option.

The change in the EUA Futures position trigger an update of the ECC internal delivery account forecast for EUAs in the ECC Member Area the following day at around 11:00 am CET.

Emissions delivery processes for net short positions

All trading participants with a net short position (i.e. sellers) in the respective contracts have to transfer the EUAs to the ECC registry account **EU-100-5016813-0-69 by 4:00 pm CET on 15th December 2020 at latest.**

The ECC registry account have to be included in your Trusted Account List in order to ensure the instant transfer of the certificates.

If the ECC registry account is included in your Trusted Account List, this status is set immediately after a transaction has been entered, in all other cases a period of 26 hours applies. Please consider the opening hours of the Union Registry for the transfers. The current holdings of EUAs in the internal delivery account at ECC can be retrieved by every trading participant via the ECC Member Area (<https://www.ecc.de/ecc-en/member-section>).

Emissions Delivery processes for net long positions

The emission allowances of expired futures positions will be delivered to the internal custody accounts of ECC on 16th December 2020 from 8:30 am CET onwards. The emission allowances could be transferred to a registry account of your choice on the delivery day from 11:30 am CET onwards, if required according to your registry transfer requests.

Please remember that Registry Transfer Requests for delivery have to be recorded via the ECC Member Area at least one business day before the desired transaction should take place in the registry for a free of charge processing, otherwise you have the option to use the fast track delivery service subject to a fee of 500.00 EUR per transaction.

Furthermore, please consider that transactions in the registry have a processing time of up to 26 hours if your account is not included in the ECC Trusted Account List.

Financial settlement

Financial settlement takes place on the delivery day in line with the daily EUREX cash settlement.

Margining

In case a net short position is not covered with a respective delivery of certificates by 4:00 pm CET one business day prior to delivery of the respective futures contract, ECC collects a Delivery Margin for the short position which is not covered.

Moreover, ECC will cover the risk of a price change resulting from open deliveries or payments with an Additional Margin to apply after expiry until delivery of the futures, for net long and uncovered net short positions. These margins are also reported via standard EUREX reports under the margin class AMEM (Additional Margin Emissions) on the expiry day and will be released once the financial and/or physical settlement has been conducted.

Reporting

Financial Settlement of EEX Emissions Futures Contracts with Expiry in December 2020 will be reported in ECC Payment Report Summary (PRS) and Payment Report

Detail (PRD). The reports will be distributed at around 6:30 pm CET on 15th December 2020 via ECC FTP or via e-mail. Financial Settlement will be completed at 16th December 2020.

For further details on the reporting technical setup we advise to consult Clearing Circular No. 17/2019 published on 6th May 2019.

Access to the ECC Member Area and functions

Access to the ECC Member Area can be requested by using the T10s-form. In this context, at least two users with write access (“RTR” function) have to be set up as a matter of necessity since deliveries have to be confirmed in 4-eyes-principle. The fully completed form can be returned to ECC along with the legally binding signatures via e-mail to the Member Readiness (memberreadiness@ecc.de) department of ECC. Please remember that a processing time of at least one business day is necessary for setting up the access. In addition to retrieving your holdings and requesting deliveries, the ECC Member Area also enables you to subscribe to Delivery Reports. More details regarding the ECC Member Area are provided in the User Guide on ECC’s website.

End of Year Processes

Financial Settlement of Spot Market Transactions and Physical Futures without BoM settlement

Please find below an overview of the financial settlement of spot market transactions and physical futures in delivery without BoM settlement:

Trading day (Spot Market) / Delivery day (Futures)	Provision of payment reports	Financial settlement day
24/12/2020	24/12/2020	28/12/2020
25/12/2020 – 28/12/2020	28/12/2020	29/12/2020
29/12/2020	29/12/2020	30/12/2020
30/12/2020	30/12/2020	31/12/2020
31/12/2020	31/12/2020	04/01/2021
01/01/2021 – 04/01/2021	04/01/2021	05/1/2021

Holiday Adjustment Initial Margin Spot Market late December 2020

The holiday adjustment Initial Margin Spot Market will be called on 23rd, 24th, 30th and on 31st December 2020. The effective dates will be on 24th, 28th, 31st Dezember 2020 and on 4th January 2021, respectively. The calculation results can be found in the report CC750 Daily Margin in the margin class IMSM.

Cascading Futures on 29th December 2020

Please be aware that settlement of cascading futures (applicable to commodities Power, Natural Gas and Wind Power) with delivery periods quarter and year will take place on 29th December 2020. For further details regarding cascading we recommend to look into Clearing Circular No. 46/2019 published on 30 October 2019.

Business Processes on 24th and 31st December 2020

Please note that 24th and 31st December 2020 are regular business days at ECC. Daily cash settlement (variation margin, financial settlement of physical futures, financial settlement for the spot market, margin calls etc.) will therefore take place as usual on these days.

Contrary to regular settlement days the derivative market will close earlier on these days. ECC will record the settlement prices for derivatives contracts by approximately 3:00 pm CET.

The payment and trade reports for the spot market transactions and products in delivery will be provided by ECC at around 05:00 pm CET.

Reporting Procedures on all holidays and at the weekends

ECC will continue to generate and send the daily trade reports on all holidays and at the weekends at the usual time of 04:50 pm CET.

Settlement Hours of the Derivatives Markets NXE and HUDEX

On 24th and on 31st December 2020 markets will be closed for business. For further trading details, please refer to the appropriate exchange calendar.

Appointment of a Contact Person

At this point, we would like to ask our clearing members to appoint a contact person for financial settlement on 24th and 31st December 2020 by sending an e-mail to clearing@ecc.de latest by Friday, 18th December 2020.