

## Clearing Circular 31/2021

2021-08-12

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## Introduction of nEHS Certificates

### Summary

As of **05 October 2021** (first trading day) the European Energy Exchange (EEX) in cooperation with the German Environment Agency (Umweltbundesamt - UBA) will introduce the sale of nEHS certificates within the national Emissions Trading System (nEHS), cleared by ECC.

Additional details on the trading of nEHS certificates can be found on the EEX website and in the FAQ's.

Please do not hesitate to contact ECC if you should require any further information.

### Contact

European Commodity Clearing AG  
Clearing & Settlement  
Phone: +49 341 24680-444  
E-mail: [clearing@ecc.de](mailto:clearing@ecc.de)

## Product Setup

The following product groups will be set up within the ECC clearing system (SMSS):

ECC Product Group	Name	Sell-Off Times	Trading Currency
EEX_ST_NEHS2021_UBA	nEHS Certificate 2021	Will be published by EEX – for 2021: Tuesdays and Thursdays on Target2 business days between 09:30 and 15:30 CET	EUR
EEX_ST_NEHS2022_UBA	nEHS Certificate 2022		
EEX_ST_NEHS2023_UBA	nEHS Certificate 2023		
EEX_ST_NEHS2024_UBA	nEHS Certificate 2024		
EEX_ST_NEHS2025_UBA	nEHS Certificate 2025		

## Clearing Process

### Financial Settlement

For Non-Clearing Members and Direct Clearing Participants the payment will be processed on  $T^1+1$  after the sell-off (standard payment processes).

Direct Clearing Participants participating in nEHS only (DCP-nEHS Members) are obliged to pay the purchase price and respective transactions fees to a bank account designated by ECC no later than 11 a.m. on the day of the next but one sell-off date. For the last sell-off date in a calendar year, this deadline may deviate as determined by ECC.

### Physical Settlement

The delivery of the emissions certificates for Non-Clearing Members and Direct Clearing Participants will be processed on  $T^1 +1$  after the sell-off (directly after the payment).

For DCP-nEHS Members the delivery will take place on Wednesday if payment is received until no later than Tuesday 11 a.m. or Friday if payment is received until no later than Thursday 11 a.m. For the last sell-off date in a calendar year, this deadline may deviate as determined by ECC.

Other than in the EUA primary auction and the EUA secondary market, ECC Lux is part of the contractual chain and will be the entity delivering nEHS Certificates. ECC Lux is holding the certificates at its registry account at the German Environment Agency. For the delivery of nEHS certificates, ECC Lux shall instruct the nEHS registry to book the nEHS certificates to the registry account specified in the nEHS transaction.

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<sup>1</sup> T = trading day (Target2 business day)

## Trading Limits

ECC will introduce a new financial trading limit at EEX for nEHS trading (EEX\_NEHS\_EUR) which can be set for Non-Clearing Members in the ECC Member Area. The trading limit amount should be sufficient to cover exposure of the sell-offs. Non-Clearing Members are requested to contact their Clearing Members in case limit adjustments are required.

For Direct Clearing Participants the standard process of pre-collateralized trading limits set by ECC applies.

Due to the prepayment by DCP-nEHS Members, no limit applies for this type of membership.

Further details can be found in the [ECC Risk Management Services](#) document.

## Reporting

The contracts will be set up as follows in ECC's spot trade reports:

Fieldname	Value
Exchange ID	EEX
Transaction Type	ST
Underlying	NEHS2021_UBA NEHS2022_UBA NEHS2023_UBA NEHS2024_UBA NEHS2025_UBA

The new products will be available for reporting via e-mail or on the ECC FTP Server in the XML and PDF format.

## Margining

Since nEHS certificates are storable products following a delivery after payment procedure that does not bear financial risks from market prices, an inclusion in ECC's margining is not necessary.

## Emergency Member Stop

The emergency member stop procedure already in place for EEX will be available for the new products as well (new stop limit definition: STOP\_NEHS). Further details can be found in the [ECC Risk Management Services](#) document.

## **Fees and Invoicing of ECC Clearing Fees**

Clearing Fees are outlined in ECC's Price List.

The fee settlement for Non-Clearing Members and Direct Clearing Participants will be processed as usual: ECC clearing fees will be debited on the 10th business day and exchange fees will be debited on the 15th business day of each month.

For DCP-nEHS Members, all fees need to be paid upfront together with the due purchase amount of the nEHS certificates.

## **Precondition for Participation**

### **Clearing Member**

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

### **Admission as Institution-Clearing-Member, Non-Clearing Member, Direct Clearing Participant Clearing Member or DCP-nEHS Member**

Participation in purchasing of certificates requires a membership at ECC as either an Institution-Clearing-Member, Non-Clearing Member, Direct Clearing Participant Clearing Member or DCP-nEHS Member and a registration at EEX (exception, the usage of Intermediary, see below).

Trading participants already admitted at ECC will need to expand their membership to the nEHS certificates. New Participants who have not been registered with ECC so far have to complete the respective admission process including the ECC KYC process. In addition to the existing memberships, ECC is offering an adjusted membership which only allows the purchasing of nEHS certificates (DCP-nEHS membership).

Admission for each kind of membership can be done by registering under <https://www.nehs-zulassung.com/>.

### **Usage of Intermediary**

Each Company (already registered at ECC/EEX or not registered at ECC/EEX) will have the possibility to use an intermediary which is already admitted at ECC and EEX. All intermediaries and the additional nEHS services they offer can be found on EEX's website.

**Please note** that all members who want to participate in the nEHS will need to open an account in the nEHS registry at the German Environment Agency.