

# ECC Portfolio Liquidation Simulation

## Summary

On 27 October 2021, ECC will perform an emissions portfolio liquidation simulation including external stakeholders. It will be used to practice default auction close-out procedures related to the liquidation of an emissions portfolio. The portfolio liquidation method represents an expansion of ECC's default auction methodologies and is somewhat different in form and function to the standard approach. The new method is relevant for emissions derivatives products only. It is intended that the simulation provide members with an opportunity to familiarize themselves with the new approach.

This clearing circular contains information about the simulation and is relevant for all ECC members. ECC encourages all members active in emissions derivatives products to actively take part in the simulation.

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## Emissions Portfolio Liquidation Simulation 2021

On 27 October 2021, ECC will conduct a test of the emissions portfolio liquidation methodology in its simulation environment. The main purpose of this event is the simulation and practice of ECC's procedures and systems for managing the liquidation of derivatives positions using the emissions portfolio liquidation method.

### How can members participate?

All Clearing Members (CMs) and Non-Clearing Members (NCMs) admitted for trading emissions derivatives products at EEX that wish to take part in the simulation are invited to send an e-mail including contact details to your sales representative or to [defaulttest@ecc.de](mailto:defaulttest@ecc.de) until latest Friday 22 October 2021.

Non-Clearing Members:

- NCMs that participate in the simulation ("simulation participants") will be invited to at least one and possibly more (simulated) default auctions in various ECC-cleared derivatives products on the day of the test.
- Participation is only possible for NCMs admitted to trading in emissions derivatives products.

### Procedure

As the simulation is intended primarily to provide an opportunity for trading participants to familiarize themselves with the new auction format a longer bidding phase than is normal will apply and the following timetable can be expected:

#### Sequence of actions for the emissions portfolio default auction:

ECC will inform simulation participants about the start time of the default auction via our encrypted communications system.

Item	Action
#1	At 10:00 during the trading day simulation participants will receive a bidding sheet in the form of an excel document to the registered mail address. The auction deadline with valid response times is communicated within this mail.
#2	Before 15:00 on the same day, the simulation participant will return the completed bidding sheet back to ECC via return e-mail.

#3	ECC will simulate an order matching process based on its internal auction matching algorithm. Responses from the simulation participants after the deadline will not be considered.
#4	In case the auction was successful, ECC will book trades in the simulation environment.

Details on the simulation implementation will be sent directly to the registered simulation participants in advance.

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