

Clearing Circular 48/2021

2021-11-22

News

Emissions Expiry December 2021 & End of Year Processes

Physical
Settlement

Summary

In this Clearing Circular, ECC provides information regarding the delivery processes for the December 2021 expiry of EEX Emissions Futures and regarding processes over the Christmas and the New Year period, specifically:

Financial
Settlement

Risk
Management

- Financial Settlement of Spot Market Transactions and Physical Futures
- Change in expiry dates for December power contracts
- Cascading Futures on 29 December 2021
- Business Processes on 24 and 31 December 2021
- Reporting Procedures on all holidays and at the weekends
- Settlement Hours of the Derivatives Markets HUDEX and NOREXECO.

Information
Technology

Contact

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Overview of the 2021 Expiry and Delivery days

The expiry and delivery days of the DEC21 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)	20/12/2021	22/12/2021
OEUB (for FEUA DEC21)	15/12/2021	15/12/2021

The Emissions 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 21 December 2021 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 22 December 2021 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 EUR 500.00 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 2021 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 21 December 2021 via ECC FTP or via e-mail. Financial Settlement will be completed at 22 December 2021.

For further details on the reporting technical setup we advise to consult Clearing Circular No. 17/2019 published on 6 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 Fulfillment of Derivative Positions

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
24/12/2021	24/12/2021	27/12/2021
25/12/2021 – 27/12/2021	27/12/2021	28/12/2021
28/12/2021	28/12/2021	29/12/2021
29/12/2021	29/12/2021	30/12/2021
30/12/2021	30/12/2021	31/12/2021
31/12/2021	31/12/2021	03/01/2022
01/01/2022 – 03/01/2022	03/01/2022	04/01/2022

Change in expiry dates for December power contracts

Expiry of EEX power products cannot take place on 24 December or 31 December as this is defined as an exchange holiday . Therefore affected contract (EEX Power Day Contracts) have been assigned with new expiry dates. Updated information on the new expiry dates is provided in the ECC Contract Details file, which is available for download on the [ECC website](#).

Cascading Futures on 29 December 2021

Please be aware that settlement of cascading futures (applicable to commodities Power and Natural Gas) with delivery periods quarter and year will take place on 29th December 2021. For further details regarding cascading we recommend to look into Clearing Circular No. 46/2019 published on 30 October 2019.

Business Processes on 24 and 31 December 2021

Please note that 24 and 31 December 2021 are 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 for spot market transactions on all holidays and at the weekends at the usual time of 04:50 pm CET.

Settlement Hours of the Derivatives Markets HUDEX and NOREXECO

On 24 and on 31 December 2021 markets will be closed for business. For further trading details, please refer to the respective 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 24 and 31 December 2021 by sending an e-mail to clearing@ecc.de latest by Tuesday, 21 December 2021.