

Introduction of a EUR Minimum Cash Quota and adjustment of the Add-on on the service fee for margin assets in the form of securities

(1) Introduction of a EUR Minimum Cash Quota

As an EMIR regulated Central Counterparty (CCP) ECC is required to maintain a certain level of liquidity to comply with regulatory requirements. The most important source of liquidity for ECC is cash collateral provided by clients. But despite offering market based interest rates on EUR cash collateral provided by Institution Clearing Members, ECC has observed a trend of clients providing more securities collateral and at the same time reducing the amount of cash collateral provided to ECC. This development may have been driven by the recent introduction of a minimum cash quota by several European CCPs.

Therefore, pursuant to section 3.4.1 of the ECC Clearing Conditions ECC will introduce a **EUR Minimum Cash Quota of 50%** for margins provided by Institution Clearing Members **with effect as of 1 June 2023** in order to ensure continued compliance with regulatory liquidity requirements.

The EUR Cash Quota for an Institution Clearing Member will be calculated by ECC as the ratio of all margin assets in the form of EUR cash booked to the internal collateral accounts of such Institution Clearing Member to the overall Margin Requirement of such Institution Clearing Member.

Institution Clearing Members can determine and monitor their actual EUR Cash Quota using daily EUREX Reports.

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Institution Clearing Members must comply with the EUR Minimum Cash Quota at the end of each business day, measured on the next morning based on the overnight (EOD) reports.

If the EUR Minimum Cash Quota is not fulfilled, ECC will, pursuant to section 3.4.6 (3) of the ECC Clearing Conditions, inform the respective Institution Clearing Member and ask for an increase in cash holdings by the Institution Clearing Member until the end of this business day at the latest. After the Institution Clearing Member has provided the additional cash collateral necessary to be in compliance with the EUR Minimum Cash Quota ECC will subsequently release other types of collateral provided by the Institution Clearing Member (esp. securities) upon request of the such Institution Clearing Member to avoid overcollateralization for the Institution Clearing Member.¹

In case the Institution Clearing Member does not follow ECC's notification to ensure compliance with the EUR Minimum Cash Quota, ECC will demand cash by executing a Margin Call on the Institution Clearing Member's Standard Account in order to establish compliance with the EUR Minimum Cash Quota for the respective Institution Clearing Member.

In order to avoid such adjustment process, Institution Clearing Members have the option to establish a permanent cash balance.

Please note, that the EUR Minimum Cash Quota must be satisfied on an ongoing basis and as such, any substitution of margin assets in the form of cash with other margin assets will only be permitted to the extent that it does not lead to a breach of the EUR Minimum Cash Quota.

ECC will inform about the EUR Minimum Cash Quota on its website.

Further details can be found in section 3.4.1 and section 3.4.6 of the ECC Clearing Conditions.

(2) Adjustment of the Add-on on the service fee for margin assets in the form of securities

In connection with the introduction of the EUR Minimum Cash Quota ECC has also adjusted the provisions on the Add-on on the service fee for margin assets in the form of securities, pursuant to section 5.1 of the ECC Price List.

With effect from 1 June 2023, ECC may on a non-discriminatory basis charge the Add-on without any further notification if the EUR Cash Quota of an Institution Clearing Member is below the EUR Minimum Cash Quota set by ECC.

¹ For the sake of clarification, in case of a release of securities the respective Institution Clearing Member will still have to actively withdraw the amount of securities.

In such cases, the respective Institution Clearing Member will be charged an Add-on in the amount of 0.075% p.a. on the prevailing service fee for margin assets in the form of securities. The Add-on will be applied on a daily basis and will be invoiced monthly.

The Add-on will only be charged for margin assets in the form of securities provided for margin requirements but not for contributions to the ECC Clearing Fund in the form of securities.

Furthermore, margin assets in the form of securities recorded in the margin accounts of an affected Institution Clearing Member whose delivery is not required to cover margin requirements will not be charged with the Add-on.

Further details can be found in section 5.1 of the ECC Price List.