

Emissions Expiry December 2023 & End of Year Processes

Summary

In this Clearing Circular, ECC provides information regarding the delivery processes for the December 2023 expiry of EEX Emission Futures and regarding the processes over the Christmas and New Year period, specifically:

- Overview of the 2023 Expiry and Delivery days
- Financial Settlement of Spot Market Transactions and Physical Futures
- Holiday Adjustment Initial Margin Spot Market 2023/2024
- Reporting Procedures on all holidays and at the weekends

Contact

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

Emissions expiry

Overview of the 2023 Expiry and Delivery days

The expiry and delivery days of the DEC23 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)	18/12/2023	20/12/2023
OEUB (for FEUA DEC23)	13/12/2023	13/12/2023

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 triggers 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 19 December 2023 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 (ECC Member Area). Please note, that you cannot use EUAA certificates in order to balance your EUA short position and vice versa.

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 20 December 2023 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 2023 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 19 December 2023 via ECC FTP or via e-mail. Financial Settlement will be completed at 20 December 2023.

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 (spot transactions until 16:00 CET considered) and physical fulfilment of Derivatives Positions:

Trading day (Spot Market) / Delivery day (Futures)	Provision of payment reports	Financial settlement day
22/12/2023	22/12/2023	27/12/2023
23/12/2023 – 27/12/2023	27/12/2023	28/12/2023
28/12/2023	28/12/2023	29/12/2023
29/12/2023	29/12/2023	02/01/2024
30/12/2023 – 02/01/2024	02/01/2024	03/01/2024
03/01/2024	03/01/2024	04/01/2024

Holiday Adjustment Initial Margin Spot Market 2023/2024

The Holiday adjustment for Christmas is calculated at 21 and 22 December 2023 and effectively called on 22 and 27 December 2023. Furthermore, the Holiday adjustment for New Year's Day is calculated at 28 and 29 December and effectively called on 29 December 2023 and 2 January 2024. The calculation results can be found in the SMSS-MRS report on calculation day or in the CC750 Daily Margin report with the margin class IMSM.

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.