

► **ECC Clearing Circular 19/2016 | 2016-04-05**

Enhancement of EEX Freight, Iron Ore and Coal Products

**Summary**

From **28 April 2016** EEX will enhance its product range for the asset classes Freight, Iron Ore and Coal. The following enhancements are planned:

- Introduction of Freight Options on Dry Bulk Time Charter Basket Routes
- Introduction of Iron Ore Financial Futures on Iron Ore 62% Fe Tianjin
- Introduction of additional maturities for API 2 CIF ARA and API 4 FOB Richards Bay Futures up to 84 maturities
- Adjustment of the Expiry Date on existing Coal products for the maturity month December

The extended product range will be cleared by ECC.

This Clearing Circular contains information regarding the product setup, the settlement processes and the preconditions for participation.

Additional information is available in separate customer information by EEX.

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## Freight Options

### Product Setup

The new options on Dry Bulk Time Charter Basket Routes offered at EEX for Trade Registration will be set up as follows within the ECC derivative clearing system:

ISIN Code	Product ID	Name	UL ID	SMSS Product Group
DE000A1634N5	OCTM	Option on Capesize TC4 Freight Future	CTCM	EEX_OT_FREIGHT_TC_USD
DE000A1634P0	OCPM	Option on Capesize TC5 Freight Future	CPTM	
DE000A1634Q8	OPTM	Option on Panamax TC Freight Future	PTCM	
DE000A1634R6	OSTM	Option on Supramax TC Freight Future	STCM	
DE000A1634S4	OHTM	Option on Handysize TC Freight Future	HTCM	

Detailed information on the product setup is provided in the ECC Clearing Specification and in the ECC Contract Details File available on the ECC website.

### Registration of transactions for clearing

The transactions concluded at EEX are imported into the Eurex clearing system and integrated in the standard clearing processes for derivative contracts. Transactions are included in the Eurex data streams and in the Eurex reports as usual. In addition, the respective data can be retrieved via the ECC Member Area after 9:30 (CET) on the next ECC business day.

The transactions are processed in the ECC settlement system SMSS for invoicing purposes using the product groups stated above.

### Margining

For open positions and new transactions a premium margin is calculated each ECC business day. The premium margin requirement will be reported in separate margin classes for each product.

Additionally, open positions in the new products will be included in ECC standard margining methodology<sup>1</sup>. Margin parameters are updated and published daily in the SPAN<sup>2</sup> parameter file on ECC's website. The margin requirement will be reflected in the SPAN margin class.

SPAN parameters and SPAN Requirements are calculated in EUR. Prices published in the SPAN files are converted to EUR with the applicable FX-Rate.

Both margin types will be reported in the Eurex Report CC050 Daily Margin.

<sup>1</sup> <http://www.ecc.de/ecc-en/risk-management/margining>

<sup>2</sup> SPAN<sup>®</sup> is a registered trademark of Chicago Mercantile Exchange Inc., used herein under license. Chicago Mercantile Exchange Inc. assumes no liability in connection with the use of SPAN by any person or entity.

## Fees

The following fees will be charged:

Description	Clearing Fee excl. VAT
Option trades in Freight Options	USD 1.40 per contract

The fee table will be included in the ECC Price List with the next update.

## Preconditions for Participation

The ECC clearing licence for Clearing Members already includes the settlement of Options on Freight Futures if the product specific conditions (e.g. setup of a 6-series account at Clearstream Banking AG for foreign currencies settlement) are fulfilled.

Trading participants who were already approved for the underlying Freight Futures will automatically be approved for the Options on Freight Futures. Clearing Members may revoke the approval via mail to [memberreadiness@ecc.de](mailto:memberreadiness@ecc.de).

Clearing Members are requested to check the product assignments and quantity limits for their NCMs accordingly.

## Simulation

The product OCTM will be available within the EUREX simulation environment starting 8 April 2016. Interested members may contact [memberreadiness@ecc.de](mailto:memberreadiness@ecc.de).

## Iron Ore Futures

### Product Setup

The new futures offered at EEX for Trade Registration will be set up as follows within the ECC derivative clearing system:

ISIN Code	Product ID	Name	SMSS Product Group
DE000A11RCV8	IOTM	Iron Ore 62% Fe Tianjin <sup>3</sup>	EEX_FT_IRONORE_USD

<sup>3</sup> The TSI Iron ore fines 62% Fe, CFR Tianjin Port ("PLATTS Index") is a product of PLATTS, a Division of McGraw Hill Financial, Inc., and has been licensed for use by European Energy Exchange AG (the Exchange). "Platts", "TSI" and "The Steel Index" (the "PLATTS Marks") are trademarks of PLATTS, its affiliates and/or its licensors and have been licensed for use by the Exchange. Iron Ore 62% Fe Tianjin Futures ("Exchange Contract") is not sponsored, endorsed, sold or promoted by PLATTS or its affiliates or licensors. PLATTS, its affiliates and licensors make no representation or warranty, express or implied, regarding Exchange Contract or regarding the advisability of investing in securities or commodities generally or the ability of the PLATTS Index to track general market performance or commodity price movements, nor do they have any liability for any errors or omissions in, or interruptions of, the PLATTS Index or Exchange Contract.

Detailed information on the product setup is provided in the ECC Clearing Specification and in the ECC Contract Details File available on the ECC website.

### Registration of transactions for clearing / Margining

Registration of transactions and margining follow the standard approach for ECC products and is described above.

### Fees

The following fees will be charged:

Description	Clearing Fee excl. VAT
Future trades in Iron Ore Futures	USD 1.70 per lot

### Preconditions for Participation

The ECC clearing licence for Clearing Members already includes the settlement of Iron Ore Futures if the product specific conditions (e.g. setup of a 6-series account at Clearstream Banking AG for foreign currencies settlement) are fulfilled.

Trading Participants who are interested in Iron Ore have to send a mail with their intention to [memberreadiness@ecc.de](mailto:memberreadiness@ecc.de).

Clearing Members are requested to check the product assignments and quantity limits for their NCMs accordingly.

### Simulation

The product IOTM will be available within the EUREX simulation environment starting 8 April 2016. Interested members may contact [memberreadiness@ecc.de](mailto:memberreadiness@ecc.de).

## Enhancement of USD Coal Futures

The number of existing Coal Futures maturities will be extended to 84 consecutive months for AP2 2 CIF ARA and API 4 FOB Richards Bay.

Quarterly and yearly Coal Futures are delisted from order book trading and Trade Registration and are only setup for technical reasons.

The Expiry Date for December contracts will be changed. If the expiration day for December contracts is 24<sup>th</sup> December, the expiration day will be the following exchange trading day.

The following Future products will be cleared by ECC starting 28 April 2016:

ISIN Code	Product ID	Name	SMSS Product Group
DE000A0G87V0	FT2M <sup>a</sup>	API 2 CIF ARA (Argus-IHS McCloskey) <sup>4</sup>	EEX_FT_API_ARA_USD
DE000A0G87W8	FT2Q <sup>b</sup>		
DE000A0G87X6	FT2Y <sup>b</sup>		
DE000A0G87Y4	FT4M <sup>a</sup>	API 4 FOB Richards Bay (Argus-IHS McCloskey) <sup>4</sup>	EEX_FT_API_RB_USD
DE000A0G87Z1	FT4Q <sup>b</sup>		
DE000A0G8706	FT4Y <sup>b</sup>		

<sup>a</sup> 84 consecutive months

<sup>b</sup> No trading - Technical setup only

The ECC Clearing Specification and the ECC Contract Details File, available on the ECC website, have been updated accordingly.

### Clearing Process / Margining

Registration of transactions and margining follow the standard approach for ECC products and is described above.

### Preconditions for Participation

The ECC clearing licence for Clearing Members already includes the settlement of Options on Freight Futures if the product specific conditions (e.g. setup of a 6-series account at Clearstream Banking AG for foreign currencies settlement) are fulfilled.

Trading participants who were already approved for the underlying Freight Futures will automatically be approved for the Options on Freight Futures. Clearing Members may revoke the approval via mail to [memberreadiness@ecc.de](mailto:memberreadiness@ecc.de).

Clearing Members are requested to check the product assignments and quantity limits for their NCMs accordingly.

### Simulation

The product FT2M will be available within the EUREX simulation environment. Interested members may contact [memberreadiness@ecc.de](mailto:memberreadiness@ecc.de).

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