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► **ECC Clearing Circular 20/2016 | 2016-04-07**

Introduction of ECC's Emergency Member Stop |  
Amendment Clearing Conditions

**Summary**

As of **22 April 2016** ECC will enhance the Emergency Member Stop functionality to technically support the Clearing Member (CM) in case of a temporary stop of trading for its affiliated Non-Clearing Members (NCM).

ECC designed an automated process to distribute stop requests to the respective ECC partner exchanges. This improves the communication between ECC, the CMs and the exchanges and reduces the cycle time until a member is deactivated from trading.

Furthermore ECC offers a new interface within ECC's Member Area with a 24/7 accessibility to request, monitor and release the stop of an NCM.

In this Clearing Circular ECC would like to provide information regarding the functionality, the new interface and processes.

**Related documents available on ECC's website:**

[ECC's Risk Management Services Manual](#)

[ECC Member Area User Guide](#)

[T10 User Setup form](#)

[ECC Clearing Conditions](#)

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## Functionality and Roles

Currently ECC offers its CMs the possibility to request the suspension of an NCM by a written request. As of today a fully automated functionality to stop an NCM with the Eurex Stop Button is only available for EEX markets traded in T7.

Starting on **22 April 2016** the use of the Eurex Stop Button will additionally trigger a so called Stop Request to all other partner exchanges where an NCM is admitted. By this automated Stop Request the suspension of the NCM from trading at the respective market is applied for. The new process aims to improve the communication between ECC, the CMs and the respective partner exchanges through an automated information transfer of the Stop Request. The ECC cycle time from initiation of the stop until forwarding the Stop Request to the respective partner exchanges was reduced to typically 2 minutes. This ECC cycle time will be further shortened in the future.

As of **22 April 2016**, the exchanges are informed via Stop Request of the CM application to temporarily exclude an NCM from trading and the exchanges will initiate the member suspension process on their side. The exchange's processes are performed according to their respective exchange rules and regulations. The specific reaction times to perform the suspension within the trading system are provided for information only within [ECC's Risk Management Services Manual](#). ECC takes no liability for that member suspension process performed by the exchanges.

## Process

If a CM wants to temporarily stop its NCM it shall activate the Eurex Stop Button in the Eurex Clearing system. With the launch of the new process the information regarding the activation of the Eurex Stop Button will be automatically transferred to ECC's partner exchanges for the first time.

Outside business hours and for spot-only members not setup in the Eurex Clearing system the ECC Self-Service Limit Maintenance in the ECC Member Area shall be used by the CM to request the stop of the NCM. The CM can use the "STOP-Limits" function to enter Stop Requests for each market the NCM is active on.

Following process principles apply for the Emergency Member Stop:

- The CM can technically request to suspend an NCM entirely through the Eurex Stop Button or partially through single Stop Requests (entry of a Stop Request technically implemented by a Limit Message of the type "STOP") in the ECC Self-Service Limit Maintenance (partial stop is not possible by using the Stop Button in Eurex Clearing)
- ECC creates individual, exchange specific Stop Requests for all ECC partner exchanges on which the NCM is approved after the Eurex Stop Button has been activated, or will create single Stop Requests upon entry of the respective Stop Request by the CM within the ECC Self-Service Limit Maintenance.
- Next to this technical request the CM shall call ECC and confirm the technically initiated member Stop Request.
- The NCM is temporarily excluded from trading as soon as the respective exchange deactivates the NCM in its trading system.

- The respective trading exclusion is considered to be performed as soon as the partner exchange confirms electronically the execution towards ECC. With this confirmation the respective partner exchange states that the suspension was performed within the trading system according to the exchanges rules and regulations.
- The CM shall monitor the suspension status and confirmations of the partner exchanges within the ECC Member Area section ECC Self-Service Limit Maintenance.
- The technical suspension remains active until further notice by the CM. However, after 5 days the suspension shall be confirmed by a formal suspension according to the respective market rules and ECC's Clearing Conditions.
- The release of the member suspension and to reactivate the NCM for trading should be performed by the CM as initiated.

Please note, if the ECC Self-Service Limit Maintenance was used solely, the Eurex Stop Button should be pushed additionally by the CM to deactivate the STP trade registration. Only if the Eurex Stop Button was pushed, the automatic stop will apply for EEX markets traded in T7.

Further details regarding the stop activation/deactivation, process and monitoring can be found in the [ECC's Risk Management Services Manual](#).

### **Monitoring of the Member Stop by the CM**

ECC offers a new interface within ECC's Member Area with a 24/7 accessibility to request, monitor and release the stop of a NCM. The ECC Self-Service Limit Maintenance has been setup to provide limit definitions of the type "STOP" for each exchange the NCM is active on and to monitor the required feedback sent by the exchange.

Regardless of the way a stop may be initiated (Eurex or ECC Member Area) the confirmation of the partner exchanges shall be monitored by the CM via the ECC Self-Service Limit Maintenance.

For an interim period of time (until Q3 2016) the confirmation file will only be manually uploaded during business hours. A delay of publication of these confirmations might therefore be possible, hence ECC will coordinate the current NCM suspension status with the respective CM directly.

For further information regarding the functionality of this new service, please see the [ECC's Risk Management Services Manual](#) and the [ECC Member Area User Guide](#).

## Partner Exchange Reaction Time

The partner exchanges have communicated to ECC their reaction times to suspend an NCM. This information is summarized in the [ECC's Risk Management Services Manual](#). The time represents the intended maximum time period within which the respective NCM can be stopped in the concerned trading systems after the request from ECC has been received by the exchange.

The partner exchange confirmation sent to ECC will be created after the operational steps are performed within the trading system and are not included within the reaction time. Nevertheless the actual suspension time (time when the stop was performed within the trading system) is contained within the confirmation file and can be used for CM documentation and reporting.

## Amendment of Clearing Conditions – Release 32a

The amendments of the [ECC Clearing Conditions](#) in section 3.1.1 Abs 4 and 3.9.3 reflect the introduction of the Emergency Member Stop. Additionally, a few minor amendments have been made in section 3.4 of the Clearing Conditions to provide for scenarios in which deviations occur due to insufficient collateral furnished by a trading participant to the grid operator. Another small change can be found in section 5.4.3 to allow for the clearing and settlement of local gas products.

## Preconditions for Participation

Prerequisite according to ECC's Clearing Conditions is a corresponding bilateral agreement between the CM and its NCM allowing the CM the Emergency Member Stop Procedure as described above. To create, modify or cancel the respective limits in the ECC Self-Service Limit Maintenance (ECC Member Area) two users need to be authorized for each CM at ECC. The SMSS user setup is identical to the user setup for trading limits and can be ordered using the [T10 User Setup form](#).

## Service Fee

The usage of the Emergency Member Stop will be free of charge for both maintenance solutions. The fees (basis fee and maintenance fee) for using ECC Self-Service Limit Maintenance will not be applicable for the Stop-Limits.