



▶ **ECC Clearing Circular 26/2016 | 2016-06-07**

Introduction of the EEX and PEGAS  
Non-MTF Product Portfolio

**Summary**

From 1<sup>st</sup> July onwards ECC will offer clearing services for EEX and PEGAS Non-MTF Market venues and related products.

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

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## Product Set-Up

The new “can be physically settled” futures offered at EEX non-MTF market venue will be set up as follows within the ECC clearing system (EUREX):

Name	Product ID	SMSS Product Group
Non-MTF German Base Month Future	N1BM	EEX_FT_POWER_AMP_NM
Non-MTF German Base Quarter Future	N1BQ	
Non-MTF German Base Year Future	N1BY	
Non-MTF German Peak Month Future	N1PM	
Non-MTF German Peak Quarter Future	N1PQ	
Non-MTF German Peak Year Future	N1PY	
Non-MTF French Base Month Future	N7BM	EEX_FT_POWER_RTE_NM
Non-MTF French Base Quarter Future	N7BQ	
Non-MTF French Base Year Future	N7BY	
Non-MTF French Peak Month Future	N7PM	
Non-MTF French Peak Quarter Future	N7PQ	
Non-MTF French Peak Year Future	N7PY	

For the purpose of **physical settlement** the following BOM futures will be setup within the ECC clearing system (EUREX) for the EEX non-MTF market:

Name	Product ID	SMSS Product Group
German Base Load Month Future	F0BM	EEX_FE_POWER_AMP
German Peak Load Month Future	F0PM	
French Base Load Month Future	F2BM	EEX_FE_POWER_RTE
French Peak Load Month Future	F2PM	

Please be aware that the French Power Futures which have been delisted by EEX but were previously available for trading will continue to be used as fulfilment product in the non-MTF market segment in the ECC clearing system (EUREX). Details of the new MIC-Code and the venue classification can be found on the ECC Derivative Product Information on the [ECC website](#).

The new futures offered at PEGAS non-MTF will be set up as follows within the clearing system (EUREX):

Name	Product ID	SMSS Product Group
NCG Natural Gas Month Futures	H0BM	PWX_FT_NATGAS_NCG_NM
NCG Natural Gas Quarter Futures	H0BQ	
NCG Natural Gas Season Futures	H0BS	
NCG Natural Gas Year Futures	H0BY	
GASPOOL Natural Gas Month Futures	H2BM	PWX_FT_NATGAS_GPL_NM
GASPOOL Natural Gas Quarter Futures	H2BQ	
GASPOOL Natural Gas Season Futures	H2BS	
GASPOOL Natural Gas Year Futures	H2BY	
TTF Natural Gas Month Futures	H3BM	PWX_FT_NATGAS_TTF_NM
TTF Natural Gas Quarter Futures	H3BQ	
TTF Natural Gas Season Futures	H3BS	
TTF Natural Gas Year Futures	H3BY	
PEG Nord Natural Gas Month Futures	H5BM	PWX_FT_NATGAS_GRTN_NM
PEG Nord Natural Gas Quarter Futures	H5BQ	
PEG Nord Natural Gas Season Futures	H5BS	
PEG Nord Natural Gas Year Futures	H5BY	
PEG TRS Natural Gas Year Futures	H6BM	PWX_FT_NATGAS_TRS_NM
NBP Natural Gas Month Futures	H9BM	PWX_FT_NATGAS_NBP_NM
NBP Natural Gas Quarter Futures	H9BQ	
NBP Natural Gas Season Futures	H9BS	
NBP Natural Gas Year Futures	H9BY	
ZEE Natural Gas Month Futures	HABM	PWX_FT_NATGAS_ZEE_NM
ZEE Natural Gas Quarter Futures	HABQ	
ZEE Natural Gas Season Futures	HABS	
ZEE Natural Gas Year Futures	HABY	

Name	Product ID	SMSS Product Group
ZTP Natural Gas Month Futures	HBBM	PWX_FT_NATGAS_ZTP_NM
ZTP Natural Gas Quarter Futures	HBBQ	
ZTP Natural Gas Season Futures	HBBS	
ZTP Natural Gas Year Futures	HBBY	
PSV Natural Gas Month Futures	HCBM	PWX_FT_NATGAS_PSV_NM
PSV Natural Gas Quarter Futures	HCBQ	
PSV Natural Gas Season Futures	HCBS	
PSV Natural Gas Year Futures	HCBY	

Detailed information on the product set-up is provided in the ECC Clearing Specification and in the ECC Contract Detail File, which are available for download on the [ECC website](#). The naming convention of the above mentioned futures is based on the existing regulated market product suite.

## Clearing Process

### Registration of transactions for clearing

The transactions concluded on the respective exchange are imported into the EUREX system and integrated into 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 transactions 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 purpose using the product group mentioned above.

### Financial Settlement

Variation margin is calculated on every ECC business day for all positions and new transactions. The settlement prices required to this end are determined by the respective exchange in the product currency EUR/GBP and published in the EUREX system at approximately 07:00 pm (CET).

### Physical Fulfilment and Nomination

Physical Settlement of Power and Natural Gas transactions will be provided by ECC's Luxembourg-based subsidiary - European Commodity Clearing Luxembourg S.à.r.l. The delivery instructions for Futures Positions are imported into the ECC settlement system - for the delivery period at the final settlement price.

### EEX – Power Futures

Similar to the physical fulfilment option already established for the existing EEX financial power futures the EEX non-MTF power futures can be fulfilled via the established market order service offered by EPEX in cooperation with EPD.

To comply with the framework of a non-MTF product, which **can be physically settled**, a double sided fulfilment option exists for both the market participant and ECC. Consequently the physical fulfilment of an EEX non-MTF Futures contract can either be triggered by the member, using a ful-

fulfilment request within the Limit Maintenance section of the ECC Member Area for a specific product and maturity of the respective contract or by ECC, thus a third party request, which will be matched by means of a random selection procedure. Details of the procedure can be found on the [ECC website](#).

In case a market participant exercises the option of physical fulfilment ECC matches the position with non-MTF counter positions of other non-MTF market participants using a random selection algorithm. In case there is no open counter position available in non-MTF products, the request is reduced or cancelled with the result that the position remains in a financial delivered contract.

If the fulfilment option results in physical delivery, the delivery is technically carried out by a position transfer from the “can be physically settled” non-MTF product into the respective physical fulfilment product of the subjected underlying. These physical fulfilment products are set up as the so called balance of the month (BOM) contracts; If the product is financially settled, it remains in the “can be physically product”, details of the financial settlement are stated in EEX BOM Cascading File available for download on the ECC website.

The nomination for the German Base and Peak Load Month Futures in the TSO zone of AMPRION is carried out by netting of the both transaction of the EPEX Spot Day-Ahead Auction and the transactions of the BOM contract. The nomination procedure for the French Base and Peak Load Month Futures in the TSO zone of RTE remains unchanged as a single sided nomination by ECC.

ECC Delivery Account	Market Area	Nomination Method
20X-LU003-ECC--S	Balancing Area of AMPRION	Double Side Nomination with Priority Rule for ECC

### PEGAS – Natural Gas Futures

Physical fulfilment is carried out for all the Natural Gas Futures in the same way – whether non-MTF or Regulated market – for products having the same underlying. For fulfilment purposes delivery instructions for positions in Natural Gas Futures will be netted based on the underlying during the import into the ECC settlement system. To enable netting between positions of both venues the same product group already in place for physical fulfilment will be used for both non-MTF and Regulated Market products using the same delivery account.

### Margining

ECC calculates an initial margin for all open positions in Non-MTF Futures which is updated near to real time. The initial margin is calculated using SPAN®<sup>1</sup> and the Non-MTF Futures will be included in ECC’s Cross Margining using the same combined commodity as the respective Regulated Market Futures allowing a 100% offset between regulated market and non-MTF products. Margin parameters are updated and published daily in the SPAN parameter file on ECC’s website. The margin requirements will be reported in the SPAN margin class in the EUREX Report CC050 Daily Margin.

<sup>1</sup> SPAN® 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

A Delivery Fee of 3.00 ct/MWh will be charged only for trading participants who have requested the delivery of physical non-MTF EEX Power Futures.

## Reporting

### EMIR

Transactions on the Non-MTF venue do not fall under the reporting requirement of EMIR Art. 9.

Reporting of Transactions and Positions of the Regulated Markets EEX and POWERNEXT remain unaffected.

The MIC-Code and the venue classification can be found in the attached ECC Derivative Product Information which will be published on the ECC Website and the ECCPUBLIC FTP.

### REMIT

The REMIT Data Service will automatically include all Non-MTF orders and transactions of Market Participants that have concluded a REMIT Data Services agreement. This will not lead to an additional fee.

## Preconditions for Participation

### Clearing Member

The ECC clearing licence for Clearing Members already covers the clearing of EEX and PEGAS Non-MTF Market.

### Non-Clearing Member

Participation in trading at EEX Non-MTF Market requires an application for recognition as a trading participant with own or third-party balancing agreements (TP\_EEX\_01a and TP\_EEX\_01b). For getting set-up on German Power Futures it is required to also hand in the TP02 form.

The corresponding document package is available for download on the EEX Website (<https://www.eex.com/en/access/admission/admission-forms/non-mtf-market>).

Participation in trading at PEGAS Non-MTF Market requires an application for recognition as a trading participant with the PEGAS/ECC-shared T04 form ("Declaration for technical set-up for Non-MTF and Regulated products"). The form is available by contacting POWERNEXT Membership and/or ECC Member Readiness Department via e-mail ([membership@powernext.com](mailto:membership@powernext.com) / [memberreadiness@ecc.de](mailto:memberreadiness@ecc.de)).

Additionally a one-time approval of the NCM's Clearing Member for the respective market is necessary.

The NCM agreement (NCM02) has to include either "European Energy Exchange (EEX)", "POWERNEXT SA" and/or alternatively "All Markets" as cleared markets.