



▶ **ECC Clearing Circular 40/2016 | 2016-09-01**

Enhancements of EEX Emissions Market

From **26 September 2016** EEX will introduce several enhancements to its emissions market. The following enhancements are planned:

- Extension of EUA futures expiries beyond 2020
- Straight-through processing (STP) for emission spot trade registration

As of **17 October 2016** EEX will further introduce options on EUA Dec Futures.

The extended product range will be cleared by ECC.

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

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## Emissions Options

### Product Setup

The new options on EUA Dec Futures offered at EEX will be set up as follows within the ECC derivatives clearing system:

Eurex Product Code	ISIN	ECC Product Group	Name	UL Product
OEUA	DE000A0SYVB4	EEX_OT_EUA3_DMS	European Carbon Options	FEUA

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 am (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, for options on EUA Dec Futures this will be the margin class "OEUA".

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.

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

### Preconditions for Participation

The ECC clearing licence for Clearing Members already includes the settlement of options on EUA Dec Futures if the product specific conditions are fulfilled.

Trading participants who were already approved for the underlying EUA futures will automatically be approved for the options on EUA Dec Futures.

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

<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.

## Simulation

The product OEUA is available within the Eurex simulation environment. Interested members may contact [memberreadiness@ecc.de](mailto:memberreadiness@ecc.de).

## Extension of EUA Futures Expiries

EEX will introduce additional EUA futures beyond 2020, thus extending into the 4<sup>th</sup> trading period of the EU ETS. Four additional Dec expiries will be offered for trading and trade registration, i.e. up to 2024. EUA Dec expiries will be listed for nine years in advance on a rolling cycle.

Eurex Product Code	ISIN	ECC Product Group	Name
FEUA	DE000A0SYVA6	EEX_FT_EUA3_DMS	European Carbon Future MidDec

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.

## STP for Emission Spot Products

The EEX Emission Spot Market has been migrated to Eurex T7 in April 2015 and therefore the contracts have been setup in the Eurex clearing system. From 26 September 2016 onwards straight-through processing (STP) is planned to be enhanced to emissions spot products as well.

A creation of positions in the derivatives clearing backend (Eurex Clearing Classic) for such trades is disabled. Therefore only direct deals, i.e. no give-up deals, are allowed to be sent for Spot Products via STP. The reporting of Eurex Reports will not include any trades in Spot Products. Relevant setups and the reporting from SMSS remain unchanged; transactions and account balances are available in the ECC Member Area as before.

The EEX Emissions Spot Products are already set up as follows within the ECC clearing system:

Eurex Product Code	ISIN	ECC Product Group	Name
SEME	DE000A1DKQ99	EEX_ST_EUA3_DMS	EU Emission Allowance
SEMA	DE000A1MLGA5	EEX_ST_EUAA3_DMS	EU Aviation Allowance
SEMC	DE000A1RRG98	EEX_ST_GCER_DMS	Green Certified Emission Reductions

Detailed information on the product setup is provided in the ECC Clearing Specification.