



one clear connection

▶ **ECC Clearing Circular 49/2016 | 2016-10-20**

Migration of CEGH and GPN Natural Gas business to PEGAS

Summary

This circular contains detailed information about the migration of GPN and CEGH products to PEGAS regarding the operational changes at ECC. The migration will be conducted in two separated steps:

The migration of the **Gaspoint Nordic products to PEGAS** is scheduled for the **17 November 2016**.

In the second phase the migration of the **CEGH products to PEGAS** is scheduled for the **01 December 2016**.

Both dates are subject to successfully finalized testing.

Please do not hesitate to contact us if you should require any further information.

News

Physical Settlement

Financial Settlement

Risk Management

Information Technology



Contact

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

Gaspoint Nordic Migration

Spot Contracts

The respective ECC product groups will be changed as shown below, as from the migration date:

Name	Product group before migration	Product group after migration
Spot Contracts	GPN_ST_NATGAS ETF	PWX_ST_NATGAS ETF
Within-Day Contracts	GPN_IT_NATGAS ETF	PWX_IT_NATGAS ETF

In order to perform the technical transition a market halt will be performed on the PEGAS trading system on 17 November 2016 from 2:00 to 8:00 am (CET) for Within-day and from 3:00 to 8:00 am (CET) for Spot.

Future Contracts¹

The new ETF futures offered for Non-MTF and regulated market will be set up as follows within the clearing system (EUREX):

Regulated Market

Name	Product ID	SMSS Product Group
ETF Natural Gas Month Futures	GDBM	PWX_FT_NATGAS ETF
ETF Natural Gas Quarter Futures	GDBQ	
ETF Natural Gas Season Futures	GDBS	
ETF Natural Gas Year Futures	GDBY	

Non-MTF Market

Name	Product ID	SMSS Product Group
ETF Natural Gas Month Futures	HDBM	PWX_FT_NATGAS ETF_NM
ETF Natural Gas Quarter Futures	HDBQ	
ETF Natural Gas Season Futures	HDBS	
ETF Natural Gas Year Futures	HDBY	

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

¹ As from go-live date onwards only the ETF Month futures will be tradable

CEGH Migration

Spot Contracts

The respective ECC product groups will be changed as shown below, as from the migration date:

Name	Product group before migration	Product group after migration
Spot Contracts	CEGH_ST_NATGAS_CEGH	PWX_ST_NATGAS_CEGH
Within-Day Contracts	CEGH_IT_NATGAS_CEGH	PWX_IT_NATGAS_CEGH

The hourly products will be mapped at ECC with the Spot, respectively Within-day contracts.

In order to perform the technical transition a market halt will be performed on the PEGAS trading system from 7:00 to 8:00 am (CET) on 01 December 2016.

Regulated Market²

The existing CEGH futures already setup for CEGH will be used for clearing and settlement of the regulated market.

Name	Product ID	SMSS Product Group
CEGH Natural Gas Month Futures	G8BM	PWX_FT_NATGAS_CEGH
CEGH Natural Gas Quarter Futures	G8BQ	
CEGH Natural Gas Season Futures	G8BS	
CEGH Natural Gas Year Futures	G8BY	

Non-MTF Market

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

Name	Product ID	SMSS Product Group
CEGH Natural Gas Month Futures	H8BM	PWX_FT_NATGAS_CEGH_NM
CEGH Natural Gas Quarter Futures	H8BQ	
CEGH Natural Gas Season Futures	H8BS	
CEGH Natural Gas Year Futures	H8BY	

² The Futures Contracts already exists in the EUREX Clearing System und will be used for clearing of PEGAS as well. For those products only the SMSS product group will be adjusted with the new exchange

Admission

The current CEGH and Gaspoint Nordic (GPN) members have been approached. ECC Member Readiness currently validates the received documentation (transfer forms and NCM02a if applicable) and the ECC admission status of all members affected by the CEGH/GPN migration to PEGAS.

Members who are not yet admitted for trading natural gas at CEGH/GPN or PEGAS have to complete the standard admission process with ECC Member Readiness and PEGAS respectively.

In case members already admitted at PEGAS are interested in trading the CEGH/GPN gas products need to provide the respective admission form available on ECC's [website](#).

Emergency Member Stop

The above mentioned additional products will be covered by the standard PEGAS member stop procedure. The current member stop procedures of GPN and CEGH will be decommissioned in the course of the migration to PEGAS.

Invoicing

The invoicing of ECC clearing fees remains unchanged except for the adjustments to the product group names which are reflected in the invoices as well. That means GPN transactions invoiced for month November 2016 will include PEGAS product groups only.

For CEGH member the same applies for the month of December 2016. VAT treatment will be identical to the situation before the migration.

Margining

ECC calculates an initial margin for all open positions in PEGAS Futures which is updated near to real time. The initial margin for futures is calculated using SPAN³ 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.

Exposures from spot transactions will be included in the time series of exposures used for daily calculation of the Initial Margin Spot Market (IMSM) and will also be included in the Current Exposure Spot Market (CESM). The exposures will be netted with exposures from all other spot market transactions providing full cross-margining effects across all cleared spot venues of ECC.

The margin requirements for both spot and futures are stated in the EUREX Report CC050 and will be contained in the corresponding margin classes "IMSM" and "CESM".

³ 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.

Open Interest

Open interest at ECC currently allocated to CEGH/GPN gas products will be converted into PEGAS gas products with effect of the migration day.

ECC reserves the right to request a close-out of such positions under its sole distinction at a later stage. Therefore, Non-Clearing Members (NCMs) and Clearing Members (CMs) are advised to check their requirements regarding any positions not transferred to PEGAS in terms of operational and technical implications, as well as the legal consequences including those out of any bilateral agreement between the NCM and the CM.

Physical Settlement

Physical fulfilment is carried out for all the Natural Gas Futures as a net position between non-MTF and 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 market 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.

Specification Files

Please be informed that the ECC Clearing Specification, the SMSS Report Specification and the BOM Cascading files will be made available for download at ECC's [website](#).

STP Service

The CEGH futures as well as the ETF Month futures will be available for STP trade registration.

REMIT Transaction Reporting for Futures Contracts

As of the migration, REMIT Reporting of CEGH and GPN contracts will be automatically included in PEGAS reporting for those members that have delegated REMIT Reporting for PEGAS products.

EMIR Trade Reporting for Futures Contracts

For CEGH trades and positions, the MIC code "XPOW" for PEGAS derivatives will need to be used for EMIR Trade Reporting, starting with the reports for the first trading day after the migration.

As PEGAS is a regulated market, the current GPN month contract "ETF Natural Gas Month-Ahead" has to be reported under EMIR Art. 9 as from the day of migration to PEGAS. For members that have delegated EMIR Trade Reporting to ECC, there is no need to become active.

Trading Limits

Trading in ETF and CEGH spot market products will be covered by existing PEGAS spot trading limits. Members are advised to contact their CMs in case limit adjustments are required.

For further information please refer to the updated ECC Risk Management Manual which will be made available for download at ECC's [website](#) in due course.