

► **ECC Clearing Circular 52/2016 | 2016-11-10**

Initial Margin Spot Market – Amendment Exposure Calculation

This document informs about the upcoming change of the exposure calculation for the Initial Margin Spot Market.

This information is relevant for all members active on the spot market for Power and Natural Gas products. The change will be active from November 29th 2016 impacting the margin call for the 30th of November 2016.

Please find additional information on the following pages.

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New Exposure Calendar

The current exposure calendar is the ECC business day calendar¹. For special combinations of holidays (Christmas, Easter) and corresponding weekends this leads to daily exposures for time periods larger three days. In order to harmonize the exposure calculation the calendar will be amended to ensure the exposure calculation covers a maximum time span of three days. All added dates can be found in the ECC risk parameter file available under <https://www.ecc.de/ecc-en/risk-management/margining>.

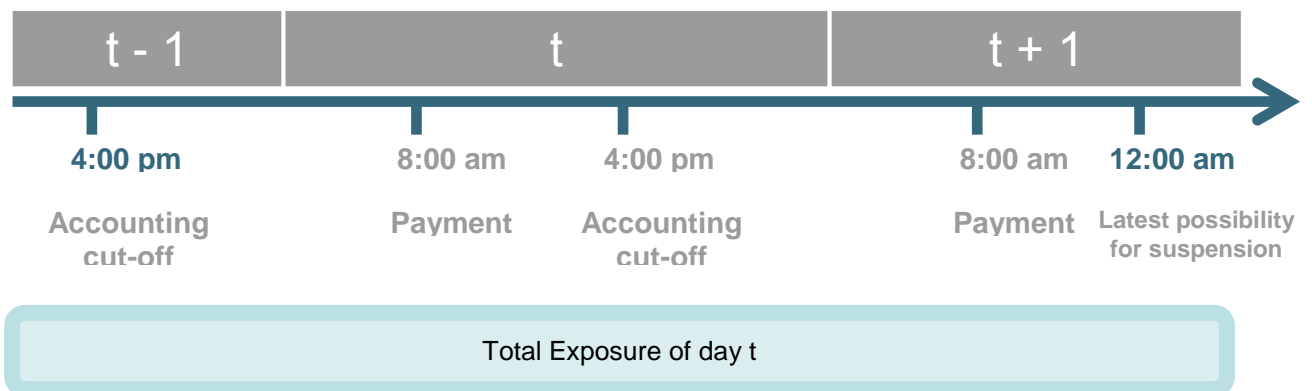
Example: Easter 2016

Calendar date	Current Calendar Exposure	New Calendar Exposure
Wednesday, 2015/03/23	Yes (2015/03/22 - 2015/03/24)	Yes (2015/03/22 - 2015/03/24)
Thursday, 2015/03/24	Yes (2015/03/23 - 2015/03/29)	Yes (2015/03/23 - 2015/03/25)
Friday, 2015/03/25	n/a	Yes (2015/03/24 - 2015/03/28)
Saturday, 2015/03/26	n/a	n/a
Sunday, 2015/03/27	n/a	n/a
Monday, 2015/03/28	n/a	Yes (2015/03/25 - 2015/03/29)
Tuesday, 2015/03/29	Yes (2015/03/24 - 2015/03/30)	Yes (2015/03/28 - 2015/03/30)

¹ See <https://www.ecc.de/ecc-en/member-section/holiday-calendar>

Exposure Calculation

The calculation of IMSM is based on a statistic of the daily total exposures. The daily total exposure at day t comprises all spot transactions that have been concluded between the accounting cut-off of the previous ECC business day and the latest point in time where a trading participant in default would be suspended from trading. This point in time was set before the European market coupling auction at 12:00. Due to technical reasons the cut off for the exposure calculation was set to 11:45. Due to technical enhancements this cut off will be set to 12:00 of the next ECC business day ($t+1$):



Migration to New Spot Market Margin

The changes of the exposure generation will be active from 29th of November 2016 impacting the margin call for the 30th of November 2016. The calculation results can be found in the report CC050 Daily Margin in the margin class IMSM. There are no changes to margin classes or the margin call procedures.