

## Migration of PXE Natural Gas business to PEGAS

### Summary

This circular contains detailed information about the migration of Natural Gas trading for the Czech VTP Hub which is currently operated by the POWER EXCHANGE CENTRAL EUROPE, a.s. (PXE) to Powernext. The Go Live of the migration is scheduled for **08 December 2017**. All Czech Natural Gas Spot and Futures Contracts will be transferred to the PEGAS trading platform and listed under the Powernext rulebook.

ECC will continue to provide clearing and settlement services for these products.

### Contact

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

## Product Adjustments and Enhancement

The SMSS Code for **all** products stated below will be changed, as the prefix “CEGH” will be replaced by “PWX”.

### Spot Product

| Name                             | SMSS Product group <u>before</u> migration | SMSS Product group <u>after</u> migration |
|----------------------------------|--|---|
| Czech Natural Gas Spot Contracts | CEGH_ST_NATGAS_OTE                         | PWX_ST_NATGAS_OTE                         |

### Futures Products

Only a Regulated Market Segment will be launched on futures. The EUREX short code will remain but the ISINs will change.

| Name                             | Product ID | ISIN <u>after</u> migration | SMSS Product Group <u>after</u> migration |
|----------------------------------|------------|-----------------------------|---|
| Czech Natural Gas Month Future   | G1BM       | DE000A2GGKD1                | PWX_FT_NATGAS_OTE/<br>PWX_FE_NATGAS_OTE   |
| Czech Natural Gas Quarter Future | G1BQ       | DE000A2GGKE9                |   |
| Czech Natural Gas Season Future  | G1BS       | DE000A2GGKF6                |   |
| Czech Natural Gas Year Future    | G1BY       | DE000A2GGKG4                |   |

## Admission

### Clearing Member

The ECC clearing licence for Clearing Members already covers the clearing of Czech Natural Gas contracts.

### Non-Clearing Member

The current members of PXE who are not yet admitted at Powernext need to pass through the admission process at the exchange.

The ECC admission status of all affected members will be checked and monitored by ECC's Member Readiness team in close cooperation with both, Powernext and PXE.

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

Members already admitted at PEGAS that are interested in trading the Czech 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 PXE related to natural gas trading on the Czech VTP hub 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 PXE transactions invoiced for month December 2017 will include PEGAS product groups only.

VAT treatment will be identical to the situation before the migration.

## **Open Interest**

Open interest at ECC currently allocated to PXE 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.

## **Margining**

There will be no changes to margining.

## **Physical Settlement**

Physical settlement procedures are not affected and remain unchanged.

## **Specification Files**

Please be informed that the Product Specification Files (ECC Clearing Specification, Contract Detail File and BOM Cascading File) and the SMSS Report Specification will be made available for download at ECC's website.

## **STP Service**

The Czech Natural Gas Futures will be available for STP trade registration as of the migration.

## REMIT Transaction Reporting for Futures Contracts

Please note that the Czech Spot and Futures contracts have to be reported under REMIT Art 8. As of the migration, the respective contracts will be automatically included in reporting for those members that have delegated REMIT Reporting for Pownext Regulated Market.

## EMIR Trade Reporting for Futures Contracts

Please note that the Czech Natural Gas Futures have to be reported under EMIR Art. 9. For members that have delegated EMIR Trade Reporting to ECC, there is no need to become active as the migration to Pownext will be reported automatically.

## Trading Limits

Trading in Czech Natural Gas Spot Products will be covered by existing PEGAS spot trading limits as of the migration. Order Book Trading in Czech Natural Gas Futures is limited by the maximum order quantity (“MaxOrdrQty”) and Straight-Through Processing (STP) will be limited by the maximum TES quantity (“MaxTESQty”) in the Eurex @X-Tract Clearing System. Trades registered on the “PEGAS OTC-web platform” will not be considered.

Members are advised to contact their Clearing Member 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.