

New clearing service for CLTX Iron Ore Enhancement of EEX Iron Ore Product Suite

Summary

From **23 April 2018** onwards ECC will offer clearing services for CLTX Iron Ore 62% Fe Tianjin Futures and CLTX Iron Ore 62% Fe Tianjin Options listed on Cleartrade Exchange, subject to regulatory approval.

In addition, the number of available delivery periods for EEX Iron Ore 62% Fe Tianjin Futures will be increased from 36 to 48 months and supplemented by corresponding EEX Iron Ore 62% Fe Tianjin Options.

This Clearing Circular contains information regarding the product setup, the clearing and settlement processes as well as the preconditions for participation.

News

Physical
Settlement

Financial
Settlement

Risk
Management

Information
Technology

Contact

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Product Setup

CLTX is regulated in Singapore as a Recognised Market Operator (RMO) and offers Iron Ore contracts for trade registration. The CLTX Iron Ore future will be setup as follows within the ECC clearing system:

ISIN Code	Product ID	Name	SMSS Product Group
XC000A2GGKB7	NIOT	Iron Ore 62% Fe Tianjin Future	CLTX_FT_IRONORE_USD

The CLTX Iron Ore option will be setup as follows within the ECC clearing system:

ISIN Code	Product ID	Name	SMSS Product Group
XC000A2GGKC5	ONOI	Iron Ore 62% Fe Tianjin Option	CLTX_OT_IRONORE_USD

The delivery periods for EEX Iron Ore future will be set up as follows within the ECC Clearing system:

Product ID	Name	Delivery Periods
IOTM	Iron Ore 62% Fe Tianjin Future	The current and the next 47 months

The EEX Iron Ore option offered at EEX for trade registration will be set up as follows within the ECC clearing system:

ISIN Code	Product ID	Name	SMSS Product Group
DE000A2GGJK8	OIOM	Iron Ore 62% Fe Tianjin Option	EEX_OT_IRONORE_USD

Both futures contracts and both option contracts listed on the respective exchanges CLTX and EEX share an identical product specification. 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 the ECC website.

Clearing Process

Registration of transactions for clearing

Transactions in any Iron Ore futures or options contract registered at EEX or CLTX (block trades) will be imported into the EUREX clearing system and integrated into the standard clearing processes for derivative contracts. Transactions registered at CLTX before the opening of the ECC clearing service at 8:00 am CET will be processed upon opening of ECC. Transactions are included in the EUREX data streams and in the EUREX reports as usual. In addition, the transactions can be retrieved via ECC Member Area after 9:30 am CET on the next ECC business day.

Transactions are processed in the ECC settlement system SMSS for invoicing purposes using the product groups mentioned above.

Settlement

The future product is settled financially in USD. For open future positions and new transactions in futures a variation margin is calculated on every ECC business day and settled on every USD cash settlement day. The settlement prices required to this end are determined by CLTX for all futures (i.e. also EEX products) in the product currency USD and published in the EUREX system at approximately 7:00 pm CET.

For new transactions in the option product the buyer is obliged to pay an option premium in USD to the seller on the USD cash settlement business day following the transaction date. At expiry of the option the buyer has the right to exercise the option in order to receive a position on the underlying future contract at the agreed strike level.

Margining

For open positions in all new products initial margin and premium margin for option will be calculated daily according to ECC's standard methodology. Margin parameters are updated and published daily in the SPAN¹ parameter file on the ECC website. The new CLTX products will be listed under the exchange complex "EEX – European Energy Exchange" inside the SPAN file.

The initial margin requirements will be reported in the SPAN margin class and premium margin in separate margin classes per product in the EUREX Report CC050 Daily Margin.

Fees

The following fees will be charged for EEX and CLTX products:

Transaction	ECC Clearing Fee
Derivative trades in Iron Ore 62% Fe Tianjin Futures	0.014 \$/t
Derivative trades in Options on Iron Ore 62% Fe Tianjin Futures	0.014 \$/t

EMIR Reporting

Please note that EEX Iron Ore Futures and Options as well as CLTX Iron Ore Futures and Options have to be reported according to EMIR Article 9. Therefore ECC's EMIR Data Services will automatically be extended to these products.

For CLTX the MIC "CLTD" has been introduced to the EUREX Clearing FIXML trade messages and key reports. This MIC will also be used for EMIR Reporting to report the field "Venue of execution".

Preconditions for Participation

Clearing Member

The ECC clearing licence for Clearing Members already covers the clearing of EEX Iron Ore Options and CLTX Iron Ore Futures and Options if the product specific conditions (e.g. setup of a 6-series account at Clearstream Banking AG for foreign currencies settlement) are fulfilled.

In addition all Clearing Members (CM) who would like to trade at CLTX or provide access to CLTX for clients need to submit an application for recognition as trading participant in CLTX Financial Futures and Options (TP_CLTX_01) and an authorization for the exchange of information within the EEX Group needs to be signed. Both documents are available on the ECC website. Additional an approval as member at CLTX is pre-conditioned.

Non-Clearing Member

All NCMs who are already approved for the EEX Iron Ore Futures will automatically be approved for the EEX Iron Ore Options. Clearing Members are requested to check the product assignments and quantity limits for their NCMs accordingly. If the NCM isn't approved at EEX a full admission process is needed.

¹ 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.

All NCMs who would like to be active at CLTX as a Trading Participant are kindly asked to get in contact with their Clearing Member at first.

Participation in trading requires an application for recognition as a trading participant in CLTX Financial Futures and Options (TP_CLTX_01) and, if required, a current NCM agreement (NCM02/NCM02a) with either "Cleartrade Exchange Pte Ltd. (CLTX)" market or "All Markets" checked.

CLTX Trading Participants who have not been registered with ECC so far have to complete the admission process as a Non-Clearing Member including the ECC KYC process.

The corresponding forms are available for downloading on the ECC website.