

Clearing Circular 51/2018

2018-11-29

Introduction of PEGAS JKM LNG Futures

Summary

From **19 February 2019** onwards ECC will offer clearing services for PEGAS Liquefied Natural Gas Futures based on Platts Japan Korea Marker (JKM[®]).

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

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Product Setup

The PEGAS JKM LNG Futures will be offered at Powernext for trade registration and set up as follows within the ECC clearing system:

ISIN Code	Product ID	Name	SMSS Product Group
DE000A2G9884	GLJM	JKM LNG Month Futures	PWX_FT_LNG_JKM

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

The transactions concluded on Powernext will be imported into the EUREX clearing system and integrated into the standard clearing processes for derivative contracts. Transactions are included in the EUREX data streams and in the EUREX reports. In addition, the transactions can be retrieved via 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 product groups mentioned above.

Financial settlement

All products are cash-settled in USD. For open positions at the end of each ECC business day a variation margin is calculated using the settlement prices obtained from Powernext. The settlement prices are published in the EUREX system at approximately 7:00 pm CET on each ECC business day.

Final settlement of expired contracts occurs against the final settlement price obtained from Powernext on the last trading day which reflects the arithmetic average of daily JKM[®] assessments for that contract as published over the settlement period (e.g. over the period April 16th - May 15th for contract month June).

Margining

For open positions an initial margin will be calculated according to ECC's standard methodology (SPAN¹). Margin parameters are updated and published daily in the SPAN parameter file on the ECC website.

The initial margin requirements will be reported in the SPAN margin class in the EUREX Report CC050 Daily Margin.

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.

Fees and Invoicing

Invoicing of ECC clearing fees remains unchanged. The following clearing fees will be charged according to the ECC Price List:

Transaction	ECC Clearing Fee
Future trades in JKM LNG Futures	7.00 \$/ 10,000 MMBtu
Cash Settlement upon expiry of the JKM LNG Futures	0.875 \$/ 10,000 MMBtu

EMIR Reporting

Please note that PEGAS JKM LNG Futures have to be reported according to EMIR Article 9. Therefore ECC's EMIR Data Services will automatically be extended to these products.

Preconditions for Participation

Clearing Member

The ECC clearing licence for Clearing Members already covers the clearing of PEGAS JKM LNG Futures.

Non-Clearing Member

The participation in trading PEGAS JKM LNG Futures requires a request by email to memberreadiness@ecc.de by authorized person(s) whilst the respective Clearing Member provides its consent on a member-basis in advance.

For registration of transactions at Powernext via STP the respective setup via T08 form is required - if not already established. Please chose the "All Broker - Always" setup for automatic confirmation of trades.

Customers who are not yet admitted at ECC and/ or PEGAS need to run the standard admission process with ECC Member Readiness and Powernext Membership.

The respective admission forms are available on ECC's website.

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