

News

Introduction EEX Japanese Power Futures

Physical
Settlement

Summary

From **18th May 2020** onwards, subject to standard European regulatory approval, European Commodity Clearing (ECC) will provide clearing services for EEX Japanese Power Futures for the market areas Tokyo and Kansai.

Financial
Settlement

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

Risk
Management

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Contact

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Product Setup

The new EEX derivatives contracts will be set up as follows within the ECC clearing system:

Product ID	Name	SMSS Product Group
Tokyo Area		
FOB1-FOB5 / FOP1-FOP5	EEX Japanese Power Tokyo Area Base / Peak Week Future	EEX_FT_POWER_JP
FOBM / FOPM	EEX Japanese Power Tokyo Area Base / Peak Month Future	
FOBQ / FOPQ	EEX Japanese Power Tokyo Area Base / Peak Quarter Future	
FOBS / FOPS	EEX Japanese Power Tokyo Area Base / Peak Season Future	
FOBY / FOPY	EEX Japanese Power Tokyo Area Base / Peak Year Future	
Kansai Area		
FQB1-FQB5 / FQP1-FQP5	EEX Japanese Power Kansai Area Base / Peak Week Future	EEX_FT_POWER_JP
FQBM / FQPM	EEX Japanese Power Kansai Area Base / Peak Month Future	
FQBQ / FQPQ	EEX Japanese Power Kansai Area Base / Peak Quarter Future	
FQBS / FQPS	EEX Japanese Power Kansai Area Base / Peak Season Future	
FQBY / FQPY	EEX Japanese Power Kansai Area Base / Peak Year Future	

Detailed information on the respective product setup is provided in the ECC Clearing Specification and in the ECC Contract Detail File, which are available to download on the ECC website.

Clearing Process

Registration of transactions for clearing

Trading hours for the trade registration services are from 9:00 am to 7:00 pm JST (1:00 am to 11:00 am CET or 2:00 am to 12:00 pm CEST). For trade entry during European night hours (until 8:00 am CE(S)T), the EEX Japan Power Portal will be available. During this time window, trades will only be accepted within pre-funded trading limits (the so called “pre-opening limit”). The pre-opening limit has to be managed and collateralized by the Clearing Member as required. Limit management will take place within the EEX Japan Power Portal. Set limits will be processed as an additional margin class. Further details on the Pre-opening Limits (e.g. access to the EEX Japan Power Portal, Limit Management, Margin Process, etc.) will be published via a dedicated Clearing Circular in due time. Please note that the T7 Limits and Advanced Risk Limits will apply in addition.

From 8:00 CE(S)T a trade entry via all existing EEX trade registration channels will be available.

After the closure of the Japanese market at 7:00 pm JST (11:00 am CET / 10:00 am CEST), usual clearing transactions such as position transfers and give-ups between members or accounts will be possible until 6:00 pm CE(S)T. Position transfers will happen as usual at the previous settlement price, provided that no cash settlement is chosen.

The transactions will be imported from 08:00 CE(S)T onwards into the EUREX C7 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 CE(S)T on the next ECC business day.

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

Financial settlement / settlement prices

All products will be settled financially in JPY (Japanese Yen). For the open positions at the end of each ECC business day, a variation margin is calculated using the daily settlement prices obtained from EEX. Payments will be settled according to a currency specific JPY payment calendar. Clearing Members must provide sufficient holdings on their JPY accounts on d+1. Account credits will be due on d+2. ECC reserves the right to introduce an additional margin class to cover the pending d+2 variation margin payment obligation, if necessary. ECC will provide further information on the payment process in JPY as well as about required backup facilities via separate Clearing Circular in due time.

The daily settlement prices will be published in the EUREX C7 system as well as on the EEX website at approximately 12:00 pm CET / 1:00 pm CEST on each ECC business day. These prices will be available as an overview in the EUREX C7 System, however will not be displayed in the EUREX intraday reports. The daily settlement prices will be processed during the EoD run, approximately at 07:00 pm CE(S)T and will be available in the EoD EUREX reports.

Initial Margin

For new open positions, an initial margin in JPY 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 CC750 Daily Margin.

Intraday Margin

ECC will use the settlement prices once uploaded into the EUREX system (at approximately 12:00 pm CET / 1:00 pm CEST) to evaluate existing positions and new transactions in EEX Japanese Power Futures for the ECC intraday risk monitoring. This will lead to intraday variation margin and therefore can trigger margin calls accordingly (standard process).

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.

Collateral

For the EEX Japanese Power Futures, the standard range of collateral accepted by ECC will apply. This includes bonds denominated in JPY, but not JPY as cash collateral. Further details on accepted collaterals can be found on the ECC Website.

Fees and Invoicing

The following clearing fees will be charged for the EEX Japanese Power Futures according to the ECC Price List:

Transaction	ECC Clearing Fee (in Yen per MWh)
Derivative trades in EEX Japanese Power Futures (Week/Month/Quarter/Season/Year)	1.00

Clearing fees will be only charged for transactions in EEX Japanese Power Futures. There is no cash settlement fee upon contract expiration.

EMIR Reporting

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

MIC Codes

The EEX Japanese Power Futures will be listed under the operational MIC "XEEE" and the segment MIC "XEER".

Preconditions for Participation

Clearing Members

The ECC clearing licence for Clearing Members already covers clearing of EEX Japanese Power Futures. The precondition for the settlement of contracts demoninated in JPY is a valid and active JPY account with JP Morgan Chase Bank N.A. London. The respective admission forms can be provided by your key account managers upon request.

In order to use the trade submission option during European night hours, Clearing Members are required to request access for the EEX Japanese Power Portal. Further details on access possibilities and user setup will be provided in due time.

Non-Clearing Members

Participants who are already admitted at ECC and EEX have to send the respective product extension form(s).

Participants who are admitted at ECC but have not been registered at EEX have to complete the full EEX admission process.

New Participants who are not registered with ECC have to complete the admission process as a Non-Clearing Member in addition to the EEX admission process.

In all cases, a Clearing Member with a valid and active JPY account, as described above, is a precondition to participate in trading EEX Japanese Power Futures.

Clearing Members are requested to check the product assignments and quantity limits for their NCMs accordingly.