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eurex clearing *circular 057/09*

Date: Frankfurt, October 21, 2009

Recipients: All Clearing Members of Eurex Clearing AG, All Trading Members of Eurex Deutschland and Eurex Zürich and Vendors

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CO_2 Products - EEX / Eurex Cooperation: Additional EEX Emission Futures with Mid-December Maturity / Changed Delivery Process

Related Eurex Circulars: 175/09

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Content may be most important for:	**Attachments:**
➲ All departments	Broschure: ECC Delivery Process Emission Futures

Summary:

Concerning the introduction of additional futures on emission rights (EUA and CER) as of **October 27, 2009**, we would like to pass on the respective circular published by ECC (European Commodity Clearing AG) regarding the delivery processes.

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CO_2 Products - EEX / Eurex Cooperation: Additional EEX Emission Futures with Mid-December Maturity / Changed Delivery Process

Please note the following circular published by ECC (European Commodity Clearing AG) regarding the new delivery processes:

ECC Clearing Information 2009-10-15 No. 31/2009

Additional EEX Emission Futures with Mid-December Maturity / Changed Delivery Process

Dear Sir or Madam,
The European Energy Exchange (EEX) is planning to introduce additional futures on emission rights (EUA and CER) as of October 27, 2009. The new contracts will expire in mid-December and delivery regarding these will be effected on the second ECC business day after they reach maturity.
With this Clearing Information we would like to provide to you information regarding the product set-up, the settlement of the new contracts (delivery process), the margining and the planned simulation.

1. Product set-up

The futures which can be traded on EEX will be integrated into the Eurex® system as follows:

ISIN	WKN	Short Code	Name
DE000A1A41K1	A1A41K	F2EA	European-Carbon-Future MidDec
DE000A1A41L9	A1A41L	F2CR	CER-Futures MidDec

As has been the case so far, the settlement prices which are required for the determination of the daily Variation Margin are established by EEX and published in the ECC clearing system at approx. 18:00 CET.

For the EEX contract specifications, please refer to the ECC website (www.ecc.de).

The table below contains the expiry and delivery dates for the new contracts:

Contract	Maturity	Expiration date	Delivery date
F2EA (EUA)	Dec 09	14/12/2009	16/12/2009
	Dec 10	20/12/2010	22/12/2010
	Dec 11	19/12/2011	21/12/2011
	Dec 12	17/12/2012	19/12/2012
F2CR (CER)	Dec 09	14/12/2009	16/12/2009
	Dec 10	20/12/2010	22/12/2010
	Dec 11	19/12/2011	21/12/2011
	Dec 12	17/12/2012	19/12/2012

2. Changed delivery process

The new EEX emission futures are delivered according to the table above **on the second ECC business day** after maturity. Sellers have to transfer the corresponding certificates to the register account of ECC AG kept at the German Emissions Trading Authority (DEHSt.) by 15:30 CET, at the latest. The certificates are credited to the buyers on the delivery day after 15:30 CET.

Moreover, financial settlement of the value of the commodities is also effected on the delivery day on the basis of the final settlement price in the framework of daily EUR cash settlement at approx. 8:00 CET.

The changed delivery process applies to both the new emission futures and the current emission futures with delivery at the beginning of December.

A detailed description of the current and of the new delivery process is contained in the document “ECC Emissions Delivery“ enclosed herewith.

3. Margining

The additional emission futures (European Carbon Future MidDec) are integrated into the existing margin classes for EU Carbon Futures and/or CER Futures. As a result, they have the same Additional and Spread Margin Parameters and, moreover, they also belong to the same group. Since the Additional Margin and/or the Spread Margin are cleared by the system as early as upon expiry of the future, ECC will request these again and calculate these until delivery/payment has been effected.

ECC will calculate a Delivery Margin for sellers in order to cover possible delivery risks on the expiry date. This margin is calculated on the basis of the following formula: Uncovered net short position x 1000 x final settlement price. If a seller has already delivered the emission rights to be delivered to ECC in advance, the Delivery Margin does not have to be calculated.

4. Member Readiness

The ECC Clearing Licence for Clearing Members and the recognition as a trading participant in EEX Emission Futures already include the settlement of the new contracts. This means additional application forms do not have to be submitted.

5. Simulation

The additional EEX Emission Futures will be available for testing purposes in the Eurex simulation environment from October 12, 2009. ECC will support you in entering test transactions. We would like to ask you to send an e-mail with the desired transactions to clearing@ecc.de to that end.

In case you have any questions, we are, of course, at your disposal on our hotline at +49 (0)341-2 46 80-444.

Yours faithfully

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Frankfurt, October 21, 2009

ECC DELIVERY PROCESS
EMISSION FUTURES

Datum / Date ***15.10.2009***

Ort / Place ***Leipzig***

Dokumentversion / Document Release ***0001***

1 DELIVERY PROCESS EARLY-DEC EXPIRY

E= Expiry day / D = Delivery day (E+1)

Day	Buyer	Seller
E-5 until E-1	- Daily reporting of current holdings on ECC internal delivery accounts via ECC member area or reports - Daily forecast of expected payments for commodity based on daily settlement prices - Daily forecast of expected emissions to be received via ECC member area - Deposit of Initial Margin requirements for open future positions - Daily settlement of Variation Margin - EUREX reports including open positions, Initial Margin and Variation Margin	- Daily reporting of current holdings on ECC internal delivery accounts via ECC member area or reports - Daily forecast of expected payments for commodity based on daily settlement prices - Daily forecast of expected emissions to be received via ECC member area - Possibility to transfer emission in advance to the ECC registry account at DEHSt - Deposit of Initial Margin requirement for open future positions - Daily settlement of Variation Margin - EUREX reports including open positions, Initial Margin and Variation Margin
E until end of trading	- Intraday reporting of current holdings on ECC internal delivery accounts via ECC member area - Intraday forecast of expected payments for commodity based on current market price - Intraday forecast of expected emissions to be received via ECC member area	- Intraday reporting of current holdings on ECC internal delivery account via ECC member area - Intraday forecast of expected payments for commodity based on current market price - Intraday forecast of expected emissions to be delivered via ECC member area - Possibility to transfer emission in advance to the ECC registry account at DEHSt
E after end of trading	- End-of-day reporting of current holdings on ECC internal delivery accounts via ECC member area or reports - End-of-day forecast of expected payments for commodity based on final settlement price - End-of-day forecast of expected emissions to be received via ECC member area - Calculation of Initial Margin (manual process) and reporting via EUREX report CC050	- End-of-day reporting of current holdings on ECC internal delivery accounts via ECC member area or reports - End-of-day forecast of expected payments for commodity based on final settlement price - End-of-day forecast of expected emissions to be delivered via ECC member area - Possibility to transfer emission in advance to the ECC registry account at DEHSt - Calculation of Initial Margin (manual process) and Delivery Margin / reporting via EUREX report CC050

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Day	Buyer	Seller
D (E+1) until 8:30	- Cash settlement of last Variation Margin - Cash settlement including payment for commodity - Release of Initial Margin (by EUREX system) - Call of Initial Margin until delivery day (manual process)	- Cash settlement of last Variation Margin - Cash settlement including payment for commodity - Release of Initial Margin (by EUREX system) - Call of Initial Margin until delivery day (manual process) - Call of Delivery Margin to offset payment for commodity
D (E+1) until 15:30		- Obligation to transfer emission to the ECC registry account at DEHSt **until 15:30 CET at the latest**
D (E+1) after 15:30	- Credit of emission to internal delivery accounts <u>Please consider:</u> In case of a non-delivery ECC will select buyers randomly. - Transfer of emission to registry accounts according transfer request to be entered on the ECC member area	- Debit of emission form internal delivery account - Intraday release of Delivery Margin
D+1 until D+5	- Release of Initial Margin (manual process) <u>Hourly settlement runs to process late deliveries from 9:00 to 17:00</u> - Credit of pending emissions to internal delivery accounts - Intraday transfer of emissions to registry accounts according transfer request to be entered on the ECC member area	- Release of Initial Margin (manual process) / Release of Delivery Margin - Late transfer of emissions to the ECC registry account at DEHSt - Start of buy-in procedure according ECC Clearing Conditions <u>Hourly settlement runs to process late deliveries from 9:00 to 17:00</u> - Debit of emission form internal delivery account - Release of delivery margin on the next settlement day

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2 DELIVERY PROCESS MID-DEC EXPIRY

E= Expiry day / D = Delivery day (E+2)

Day	Buyer	Seller
E-5 until E-1	- Daily reporting of current holdings on ECC internal delivery accounts via ECC member area or reports - Daily forecast of expected payments for commodity based on daily settlement prices - Daily forecast of expected emissions to be received via ECC member area - Deposit of Initial Margin requirements for open future positions - Daily settlement of Variation Margin - EUREX reports including open positions, Initial Margin and Variation Margin	- Daily reporting of current holdings on ECC internal delivery accounts via ECC member area or reports - Daily forecast of expected payments for commodity based on daily settlement prices - Daily forecast of expected emissions to be received via ECC member area - Possibility to transfer emission in advance to the ECC registry account at DEHSt - Deposit of Initial Margin requirement for open future positions - Daily settlement of Variation Margin - EUREX reports including open positions, Initial Margin and Variation Margin
E until end of trading	- Intraday reporting of current holdings on ECC internal delivery accounts via ECC member area - Intraday forecast of expected payments for commodity based on current market price - Intraday forecast of expected emissions to be received via ECC member area	- Intraday reporting of current holdings on ECC internal delivery account via ECC member area - Intraday forecast of expected payments for commodity based on current market price - Intraday forecast of expected emissions to be delivered via ECC member area - Possibility to transfer emission in advance to the ECC registry account at DEHSt
E after end of trading	- End-of-day reporting of current holdings on ECC internal delivery accounts via ECC member area or reports - End-of-day forecast of expected payments for commodity based on final settlement price - End-of-day forecast of expected emissions to be received via ECC member area - Calculation of Initial Margin (manual process) and reporting via EUREX report CC050	- End-of-day reporting of current holdings on ECC internal delivery accounts via ECC member area or reports - End-of-day forecast of expected payments for commodity based on final settlement price - End-of-day forecast of expected emissions to be delivered via ECC member area - Possibility to transfer emission in advance to the ECC registry account at DEHSt - Calculation of Initial Margin (manual process) and Delivery Margin / reporting via EUREX report CC050

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Day	Buyer	Seller
E+1	- Cash settlement of last Variation Margin - Release of Initial Margin (by EUREX system) - Call of Initial Margin until delivery day (manual process)	- Cash settlement of last Variation Margin - Release of Initial Margin (by EUREX system) - Call of Initial Margin until delivery day (manual process) - Call of Delivery Margin to offset payment for commodity
D (E+2) until 08:30	- Cash settlement including payment for commodity	- Cash settlement including payment for commodity
D (E+2) until 15:30		- Obligation to transfer emission to the ECC registry account at DEHSt **until 15:30 CET at the latest**
D (E+2) after 15:30	- Credit of emission to internal delivery accounts Please consider: In case of a non-delivery ECC will select buyers randomly. - Transfer of emission to registry accounts according transfer request to be entered on the ECC member area	- Debit of emission form internal delivery account - Intraday release of Delivery Margin
D+1 until D+5	- Release of Initial Margin (manual process) Hourly settlement runs to process late deliveries from 9:00 to 17:00 - Credit of pending emissions to internal delivery accounts - Intraday transfer of emissions to registry accounts according transfer request to be entered on the ECC member area	- Release of Initial Margin (manual process) / Release of Delivery Margin - Late transfer of emissions to the ECC registry account at DEHSt - Start of buy-in procedure according ECC Clearing Conditions Hourly settlement runs to process late deliveries from 9:00 to 17:00 - Debit of emission form internal delivery account - Release of delivery margin on the next settlement day

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