

EEX Japanese Power Futures: Further information on Japan Power Portal & Additional Margin for Open Payment

Summary

From the **18 May 2020** onwards, European Commodity Clearing (ECC) will provide clearing services for EEX Japanese Power Futures for the market areas Tokyo and Kansai. Please refer to the Clearing Circular 7/2020 from the 16 March 2020 for further information.

This Clearing Circular contains additional information regarding the EEX Japan Power Portal and the additional margin requirements for open variation margin payment obligations in Japanese Yen.

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EEX Japan Power Portal

Registration of transactions for clearing

EEX Japanese Power Futures will be available on different broker platforms between 9:00 am and 7:00 pm JST (1:00 am to 11:00 am CET or 2:00 am to 12:00 pm CEST). Outside of EEX trading hours, broker arranged trade interests can be entered into the EEX Japan Power Portal for subsequent registration within the EEX T7 trading system at EEX. Within the Japan Power Portal, recognised brokers can place entries for subsequent trade registration on assigned client accounts. Entries for trade registration are only possible within the respective Portal limits – “pre-opening limit” and “CM-Client limit” – which are managed by Clearing Members. Both limits are margin limits, assessing the gross Initial Margin requirement for each entry for trade registration. Please note that the T7 limits and Advanced Risk Limits will apply in addition during the EEX trading hours.

Pre-Opening Limit

The Pre-Opening Limit is a pre-funded trading limit which applies at the level of the Clearing Member and can be set by Clearing Members in the EEX Japan Power Portal. Without having a collateralized limit in place no entries for trade registration can be entered into the EEX Japan Power Portal during the European night time. Pre-Opening Limits will be processed by ECC as an additional margin requirement (new margin class JPPL = pre-opening limit). The JPPL margin will be booked to the CM's PP margin account.

In the EEX Japan Power Portal the sum of all positions (long and short positions are not netted but aggregated) multiplied by the scanning range for the respective contract(s) has to stay within the Pre-Opening Limit for entries for trade registration to be accepted in the EEX Japan Power Portal. The EEX Japan Power Portal also provides the possibility to activate an alert for a Clearing Member in the form of an e-mail notification if a certain threshold as % of the pre-opening limit is exceeded or if entries for trade registration are rejected.

The Pre-Opening Limits must be entered until 2:00 pm CE(S)T (d) to be valid on the next day (d+1). In case the available collateral is not sufficient to cover the pre-opening limit, an intraday margin call will be triggered shortly after 2:00 pm CE(S)T.

The limits apply only for the European night hours [until 8:00 am CE(S)T] and will be reset before the next trading window begins on the EEX Japan Power Portal. The limits remain valid until actively deleted or adjusted by CMs; deletions and downward adjustments will be valid immediately, increases only on a d+1 basis.

CM-Client-Limits

In addition to the Pre-Opening Limit, Clearing Members can set trading limits at the level of the Non-Clearing Member and agency client (“CM-Client-Limit”). This limit is not mandatory and allows Clearing Members to cap the trading activities of their individual trading firms. In contrast to the

Pre-Opening Limits, the exposure for the CM-Client trading limits will be calculated as the larger of the long or short positions multiplied by the scanning range for the respective contract(s).

The set CM-Client-Limits will be valid immediately and apply for the complete trading day [JST: 9:00 am -7:00 pm / CET: 1:00 am - 11:00 am / CEST 2:00 am-12:00 pm]. The limits will be reset for the next trading day at 3:00 pm CE(S)T and remain valid until actively deleted or adjusted by the Clearing Members.

During European night hours [until 8:00 am CE(S)T] entries for trade registration will be validated against both limits.

Access and Member Setup

Clearing Members interested in getting access to the EEX Japan Power Portal need to request the setup via the respective Portal access form T02 available on the EEX website. Once admitted Clearing Members can access the Portal via web-access.

Additional margin for open payment obligations

Variation Margin 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 booking will be completed on d+2. In order to cover the pending d+2 variation margin payment obligation, ECC will introduce an additional margin for open payment obligations (AMOP).

The AMOP margin requirement will be calculated during the EOD process on day d. AMOP will be equal to the Variation Margin debit amount in JPY with the settlement date on d+2 in order to secure the pending payment obligation by the Clearing Member. The AMOP will be booked on Margin Account level (i.e. down to NCM level) and will be included to the total margin requirement, which needs to be covered by 8:00 am CE(S)T on d+1 at the latest. On d+1 end-of-day, AMOP will be released.