



Consultation Paper

Proposed Delisting of EEX Asia S7 (East Coast India - China) Contract

08 October 2020

Responding to this consultation paper

EEX Asia invites comments on this Consultation Paper between 8 October 2020 and 28 October 2020 via:

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Comments should be organized in the following manner:

- Cover Page;
- Statement of Interest;
- Table of Contents;
- Summary of Major Points;
- Comments; and
- Conclusion

Supporting material may be attached as an annex. All submissions should provide reasoned explanation for any proposed revision to the rules. Participants are encouraged to identify the specific rule on which they are commenting. In any case in which a participant chooses to suggest revisions to the text of the rules, the participant should indicate clearly the specific changes to the text that they are proposing.

All submissions should be made on or before 28 October 2020. Participants submitting commentaries should include their personal/company particulars as well as their correspondence address, contact numbers and email addresses on the cover page of their submissions.

Respondents to this Consultation Paper are asked to identify the specific proposal or rule that they are commenting on. EEX Asia Private Limited reserves the right to make known all or parts of any written submission and to disclose the identity of the source. Participants may request confidential treatment for any part of the submission that the participant believes to be proprietary, confidential or commercially sensitive. Any such information should be clearly marked and placed in a separate annex. If EEX Asia Private Limited grants confidential treatment, it will consider the comments but will not publicly disclose the information. If EEX Asia Private Limited declines the request for confidential treatment, it will return the information to the participants that submitted it and disregard it. In the interests of market transparency, participants should limit any request for confidential treatment of information submitted. EEX Asia Private Limited will not accept any submission that requests confidential treatment of all, or a substantial part, of the submission.

This Consultation Paper is available for download from the EEX Asia's website at **www.eexasia.com**.

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Introduction

1. Scope of Public Consultation

EEX Asia Private Limited (“EEX Asia”) seeks public comment on its proposal to delisting F13-S7 (East Coast India - China) contracts for trading at EEX Asia.

2. Background

2.1. The index provider – Baltic Exchange has ceased publication of F13-S7 (East Coast India - China) contracts.

2.2. EEX Asia proposes to delist the F13-S7 (East Coast India – China) contracts for trading, in line with the cease in publication. The contracts are standard, cash-settled futures contracts listed as contract quarters. The contracts are listed up to a maximum of 12 consecutive months.

2.3. No open interest of S7 is currently held at EEX Asia, and no trading participants are affected by the delisting.

Details of the Proposal

3. Contract Specification

- 3.1. The contract specifications of the F13-S7 are attached at *Appendix 1*.
- 3.2. EEX Asia seeks public feedback on the proposed delisting of F13-S7 (East Coast India - China contracts).

Question:

- A) Do you agree with the proposed delisting of the EEX Asia Dry Bulk Futures (F13-S7)?

4. Proposed Cessation of Trading

- 4.1. Subject to regulatory consideration, EEX Asia proposes to cease trading with immediate effect.

**Appendix 1: EEX Asia Dry Bulk F13-S7 (East Coast India – China)
Contract Specifications**



**EEX Asia Freight Futures F13-S7
(East Coast India – China) Contract Specifications**

- 1. SCOPE OF CONTRACT SPECIFICATIONS AND DEFINITIONS**
- 2. TRADING**
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 - 2.3 Trading Unit**
 - 2.4 Price Quotation**
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 - 2.7 Price Limit and Cooling Off Period**
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- 3. CLEARING AND SETTLEMENT**
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1. SCOPE OF CONTRACT SPECIFICATIONS AND DEFINITIONS

These Contract Specifications for the EEX Asia Freight Futures Contracts (the “**Specifications**”) govern the trading of the EEX Asia Freight Futures Contracts **F13-S7 (East Coast India – China)** on the EEX Asia (the “**Exchange**”) Market. The rules and procedures for trading that are not specifically covered in the Specifications shall be as set forth in the Trading Rules. Capitalised terms used herein and not otherwise defined shall have the meanings ascribed to them under the Trading Rules. For the purposes of the Specifications and unless the context otherwise requires, the following capitalised terms shall have the meanings set forth below:

Clearing Rules	Means the Clearing House Rules of ECC (https://www.eex.com/en/global-commodities/freight , SGX (https://www.sgx.com/derivatives/products/) which may be found on their respective websites.
Futures Contract	Means the EEX Asia Freight Futures F13-S7 (East Coast India – China) Contract traded on the EEX Asia Market
Underlying Product	Shall mean the following Index: F13: S7 (Supramax, East Coast India - China)
Index Provider	Shall mean The Baltic Exchange
Contract Period	Means for a Quarter Contract it will be the First Index Day of the Quarter to last Index Day of the Quarter where a Quarter Contract will be split equally into 3 Month Contracts on the Trading Day and settled as Month Contracts.
Trading Rules	Shall mean the Trading Rulebook of the Exchange which can be obtained by contacting the membership team at membership@eexasia.com
USD	Shall mean the lawful currency of the United States of America.

2. TRADING

2.1 Trading Quarters and Hours

The Contract shall be listed for such Contract Quarters and scheduled for trading during such hours as may be determined by the Exchange

2.2 Product Structure

The Contract shall have a Product Structure out to a maximum of 12 months. At any time there are at least 4 consecutive Quarter Contracts. A new quarter Product is introduced once the current quarter is no longer available for trading or if requested by users as long as it is within the 12 month period.

2.3 Trading Unit

The trading unit shall be one (1) lot which is 1 Day.

2.4 Price Quotation

The price quotation shall be USD per day.

2.5 Minimum Fluctuations

Minimum fluctuation of the Contract traded shall be USD 25.

2.6 Position Limits

Unless otherwise approved by the Exchange, a Member shall not own or control any combination of:

- 1) Options (Futures) Contracts
- 2) Futures Contracts
- 3) Swap Contracts
- 4) Option (Swap) Contracts
- 5) and other Relevant Contracts

traded on the EEX Asia Exchange with an identical underlying, and/or accepted by the Clearing House for clearing that exceeds an equivalent of 2,500 lots net on the same side of the Market, in the Spot Month or in all other Contract Months combined.

2.7 Price Limit and Cooling Off Period

Price Limit will be set at: $Limit = Reference\ Price \times (1 \pm (2.575 \times Volatility))$

The upper and lower limit is established based on a 99% confidence interval.

When the price limit is breached, EEX Asia Market Operations will first ascertain if the trade that led to the price limit breach is an error or not. If it is, then the price limits would not have been assumed to be breached and the team will commence with error trade procedures.

2.8 Termination of Trading

For a Quarter Contract, the Last Trading Day is the Last Trading Day of the first month of the quarter.

3. CLEARING AND SETTLEMENT

Settlement under the Specifications shall be by cash settlement.

3.1 Daily Settlement Price and Final Settlement Price

Fixed price will be the traded price or the previous day's settlement price as supplied end of day by the Baltic Exchange.

In respect of daily settlement, the floating price will be the end of day price as supplied by the Baltic Exchange. In respect of final settlement, the floating price will be the arithmetic average of the daily Baltic Exchange spot price assessments for every trading day in the expiry month.

The Final Settlement Price for the Futures Contract, as expressed in USD per day, shall be the arithmetic average of Baltic Exchange daily spot assessments in the Contract Month for the relevant Underlying Product, rounded to 4 decimal places.

3.2 Final Settlement

Clearing Members holding Open Positions in the Contract at the time of termination of trading in the Contract shall make payment to or receive payment from the Clearing House in accordance with normal variation margin procedures, based on a settlement price equal to the Final Settlement Price.

3.3 Other Rules and Procedures for Clearing and Settlement

The rules and procedures for clearing and settlement that are not specifically covered in the Specifications shall be governed by the Clearing Rules.