

Easter holiday adjustments and final settlement MAR24 futures

Summary

In this Clearing Circular, ECC provides information regarding the Easter holiday adjustments in terms of IMSM requirement, spot market reporting, final settlement in power baseload month futures and DCP pre-trade limit calculation.

- IMSM Holiday Adjustment
- Reporting Procedures on all holidays and at the weekends
- Potential Split of Payment
- Information on required collaterals
- Final Settlement Price Correction MAR24 power baseload month futures
- DCP Pre-Trade Limit Management

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IMSM Holiday Adjustment

The Initial Margin Spot Market (IMSM) is designed to cover potential future exposures between two consecutive payment settlement dates from spot transactions in non-storable commodities where no delivery versus payment exists¹. Due to 24/7 trading, the time between two settlements usually adds up to 3 days due to weekends when no financial settlement takes place. To cover longer exposure periods due to extra non-settlement days (e.g., Easter or Christmas holidays in which the TARGET2 system for interbank payments is closed), a specific “Holiday Adjustment” is incorporated in the IMSM model.

The Holiday Adjustment will come into effect in the margin calculation before Good Friday, 29 March 2024 (IMSM Calculation Date 27 March 2024, resp. 28 March 2024, for the margin effective 28 March 2024, resp. 2 April 2024).

The standard exposure periods contain at most 92 hours (from Thursday 16:00 [booking cut] to Monday 12:00 CET). In case of additional non-ECC business days, the number of hours is increased by 24 per day. The scaling factors are hence as follows:

Number of extra non-settlement days	Hours that need to be covered	Scaling Factor
1	$92 + 1 * 24 = 116$	1.3 ($\approx 116/92$)
2	$92 + 2 * 24 = 140$	1.6 ($\approx 140/92$)

The IMSM minimum component is not scaled up. A complete list of IMSM factors and parameters can be found in ECC’s risk parameter file on the ECC website.

¹ Calculation Details of the Initial Margin Spot Market (IMSM) can be found in the ECC Spot Market Margining Document available for download on the ECC website.

Reporting Procedures on all holidays and at the weekends

ECC will continue to generate and send the daily trade reports on all holidays and at the weekends at the usual time of approx. 04:50 pm CET.

Potential Split of Payment

After the Easter holidays, payment processing will cover **5 delivery days**. As a result, ECC will split the internal payment processing over the Easter holidays. The split will generate **2 entries per NCM (if applicable)** on **PRS_1600** (Payment Report Summary for EUR and GBP) provided as usual on April 2, 2024 for the subsequent payment date of **April 3, 2024**. Additionally, there will be **2 entries in EUREX Report CD710** with the type “Misc Member Cash”.

Information on required collaterals

Clearing Members are reminded to check whether deposited collaterals are set sufficiently to cover margin requirements over the next holiday adjustment period before Good Friday.

Final Settlement Price Correction MAR24 power baseload month futures

For financial futures that expire before the final settlement price can be determined, the final settlement price and also the final variation margin have to be corrected. This procedure, including calculation of the correction, reporting and margining, is outlined on our website in the document ‘Variation Margin Correction’. The correction of the final settlement prices will be executed on 2 April 2024 for several power baseload month futures that expire on the 28 March 2024.

Clearing banks can monitor the payments related to the correction of the final settlement prices in the CD709 report by COB 2 April 2024.

DCP Pre-Trade Limit Management

Please be informed that due to the upcoming Easter holidays there will be no settlement and no limit calculation between 29 March and 1 April, inclusive. Therefore, the collateral you have with ECC will be split over a longer period resulting in lower limits for all markets you are admitted to as the base limit requirements increase. In case you wish to increase your collateral, please provide us with the DCP O10 form latest Friday, 22 March 2024.

Due to 29 March to 1 April 2024 being bank holidays, your trading limits for European markets will be reduced as of Wednesday, 27 March 2024. We advise you to increase the collateral amount accordingly to ensure stable trading limits during these days.

An example calculation of the effect of the holiday for the European Continuous and Auction market is shown below for base limit business day (BD) = €5000 and base limit non-business day (NBD) = €3000

	Monday 16:00	Tuesday 16:00	Wednesday 16:00	Thursday 16:00
Continuous - Day	To	to	to	to
	Tuesday 16:00	Wednesday 16:00	Thursday 16:00	Tuesday 16:00
Base Limit	€ 5,000.00	€ 5,000.00	€ 5,000.00	€ 17,000.00 (no daily limit reset, limit amount will remain over the whole period)
Base Limit Requirements	€ 10,000.00 = Base Limit BD* 2	€ 10,000.00 = Base Limit BD* 2	€ 22,000.00 = Base Limit BD* 2 + Base Limit NBD* 4	€ 22,000.00 = Base Limit BD* 2 + Base Limit NBD* 4

Auction - Day	Monday 16:00 to Tuesday 16:00	Tuesday 16:00 To Wednesday 16:00	Wednesday 16:00 to Thursday 16:00	Thursday 16:00 to Tuesday 16:00
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Base Limit	€ 5,000.00	€ 5,000.00	€ 5,000.00	€ 5,000.00
Base Limit Requirements	€ 5,000.00 = Base Limit BD* 1	€ 5,000.00 = Base Limit BD* 1	€ 25,000.00 = Base Limit BD* 1 +4*MAX(Base Limit BD,Base Limit NBD)	€ 25,000.00 = 5*MAX(Base Limit BD,Base Limit NBD)

Due to 29 March to 1 April 2024 being UK bank holidays, your trading limits for UK markets will be reduced as of Tuesday, 26 March 2024. We advise you to increase the collateral amount to ensure the same trading limits during these days. An example calculation of the effect of the holiday for the UK Continuous and Auction market is shown below for base limit business day (BD) = £5000 and base limit non-business day (NBD) = £3000.

	Monday 16:00 To Tuesday 16:00	Tuesday 16:00 to Wednesday 16:00	Wednesday 16:00 to Thursday 16:00	Thursday 16:00 to Tuesday 16:00
Continuous - Day				
Base Limit	£ 5,000.00	£ 5,000.00	£ 5,000.00	£ 17,000.00 (no daily limit reset, limit amount will remain over the whole period)
Base Limit Requirements	£ 15,000.00 = Base Limit BD* 3	£ 27,000.00 = Base Limit BD* 3+ Base Limit NBD*4	£ 27,000.00 = Base Limit BD* 3+ Base Limit NBD*4	£ 27,000.00 = Base Limit BD* 3+ Base Limit NBD*4

	Monday 16:00 To Tuesday 16:00	Tuesday 16:00 to Wednesday 16:00	Wednesday 16:00 to Thursday 16:00	Thursday 16:00 to Tuesday 16:00
Auction - Day				
Base Limit	£ 5,000.00	£ 5,000.00	£ 5,000.00	£ 5,000.00
Base Limit Requirements	£ 15,000.00 = Base Limit BD* 3	£ 35,000.00 = Base limit BD*2 +5*max(Baselimit NBD, Baselimit BD)	£ 35,000.00 = Base limit BD*2 +5*max(Baselimit NBD, Baselimit BD)	£ 35,000.00 = Base limit BD*2 +5*max(Baselimit NBD, Baselimit BD)

For SEMOPX_AUCTION_GBP/EUR the base limit requirements are similarly calculated as EPEX_AUCTION_GBP except that the safety factor for the base limit BD is two instead of three.

In case of questions, please contact clearing@ecc.de.

We wish you a Happy Easter break!