



European Commodity Clearing
one clear connection





European Commodity Clearing

one clear connection

- ▶ to commodity markets
- ▶ to an international network of partners
- ▶ to safe business

one clear connection to ECC

European Commodity Clearing AG (ECC) is the central European clearing house for exchange and OTC transactions in power, natural gas, emission allowances and coal. Currently, ECC provides clearing services for the partner exchanges APX-ENDEX, CEGH Gas Exchange of the Vienna Stock Exchange, European Energy Exchange, EPEX SPOT, HUPX and Powernext. ECC is a recognised partner of transmission system operators in many European countries and is linked to the relevant national emission registries. Thus, ECC ensures physical settlement of power, natural gas and emission allowances.

Security for Trading Participants

- ▶ In its role as a Central Counterparty ECC assumes the counterparty risk.
- ▶ In order to guarantee the fulfilment of transactions ECC operates an energy market specific margin system.
- ▶ ECC offers approved collateral management with the possibility to segregate collaterals.

Synergies through connectivity

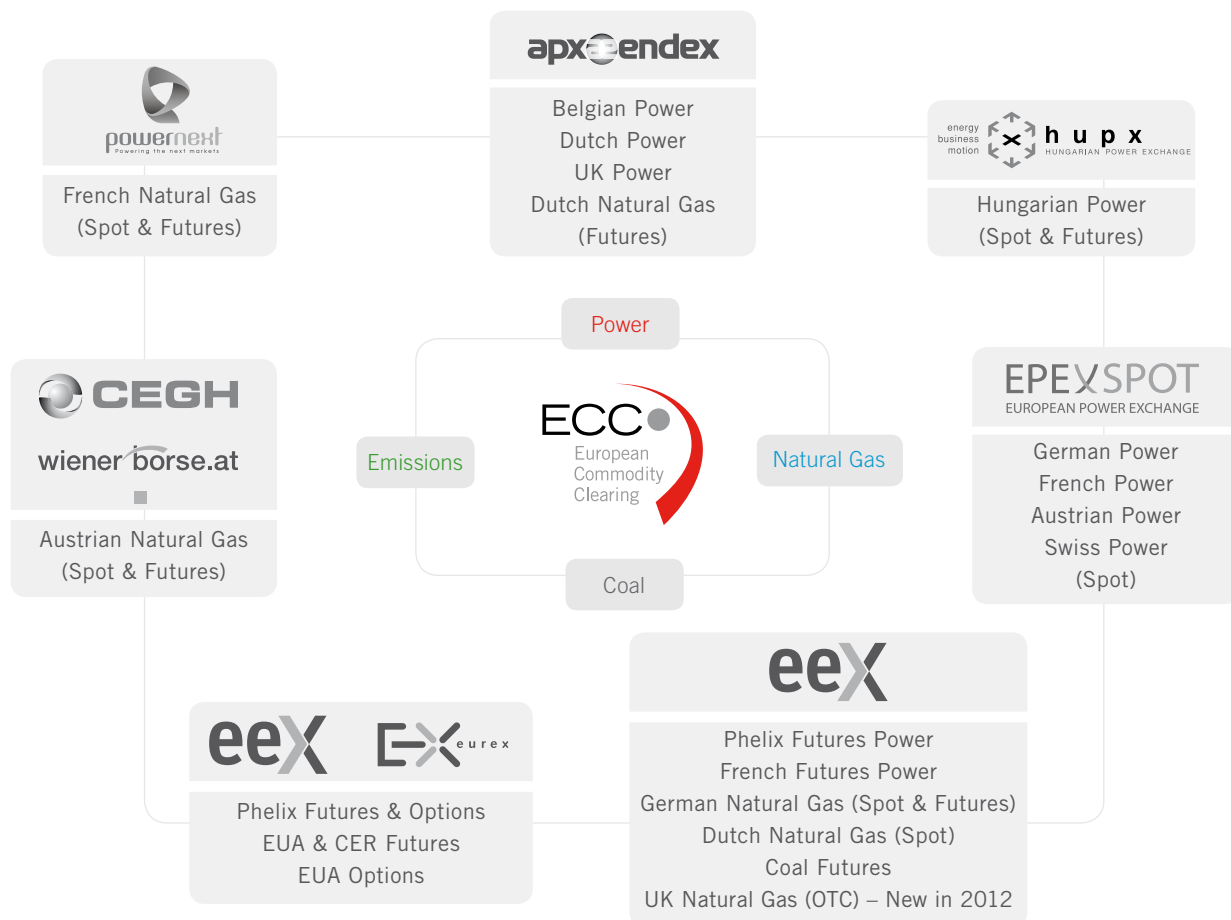
- ▶ Working with ECC means that you are connected to Europe's major energy exchanges:
 - ▶ One membership provides access to this network.
 - ▶ Uniform processes and reports reduce interfaces and create transparency.
 - ▶ Costs of clearing for members decrease through Cross-Commodity Margining.

Operational services

- ▶ ECC supports the trading participant and is the single point of contact for questions regarding settlement on a 24/7 basis.
- ▶ ECC specialises in the physical settlement of grid-bound energy (power, natural gas) and energy-related products (Emission Allowances) and is responsible for physical delivery.
- ▶ ECC guarantees financial fulfilment and carries out cash clearing for purchases and sales of all spot market transactions concluded on our partner exchanges, while all payments are netted in order to reduce the cost of clearing.

one clear connection to commodity markets

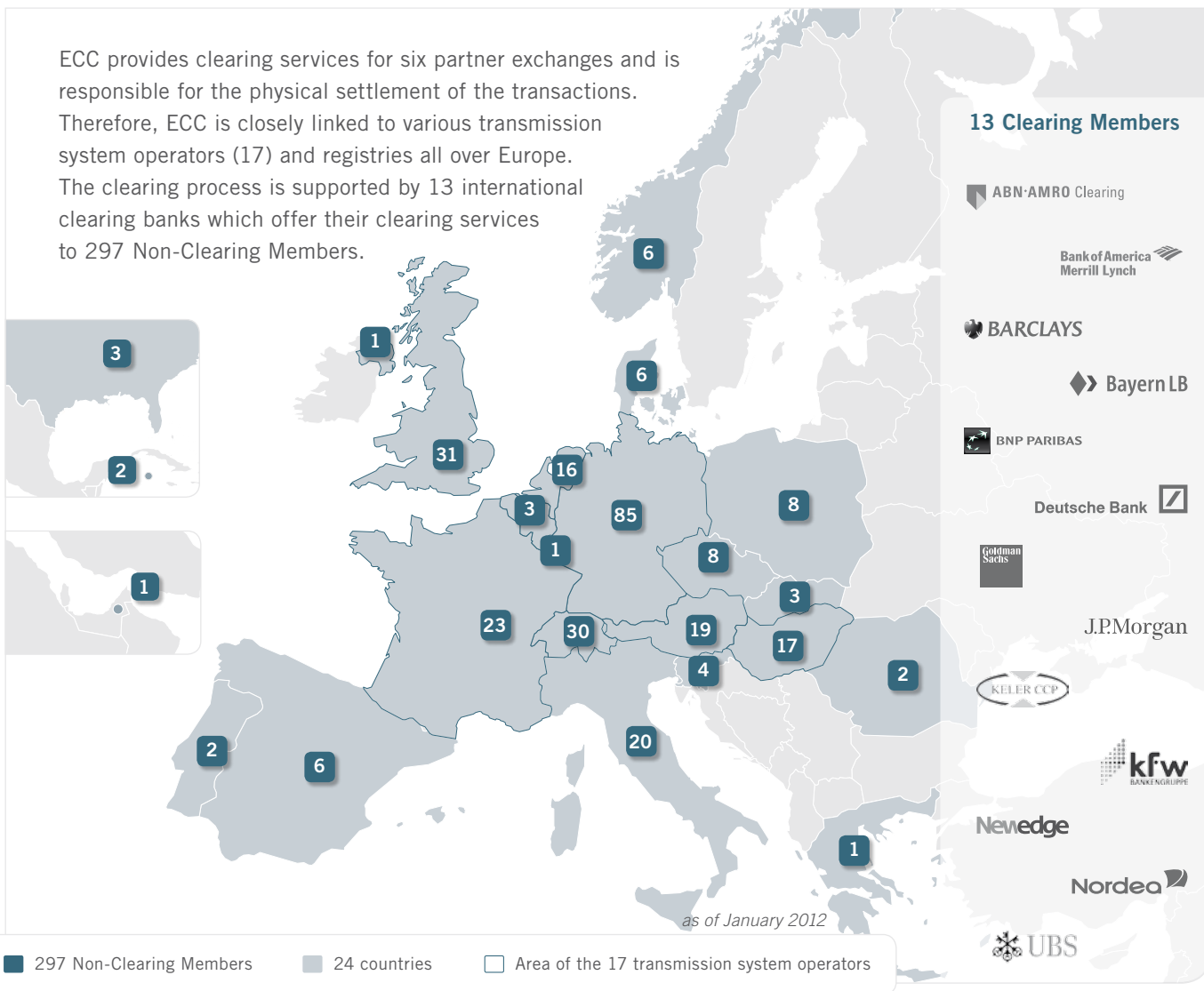
ECC connects European commodity markets for energy and related products through integrated and automated clearing processes. One clear connection enables trading participants to benefit from a network of partners and maximum cross-commodity effects.



one clear connection

to an international network of partners

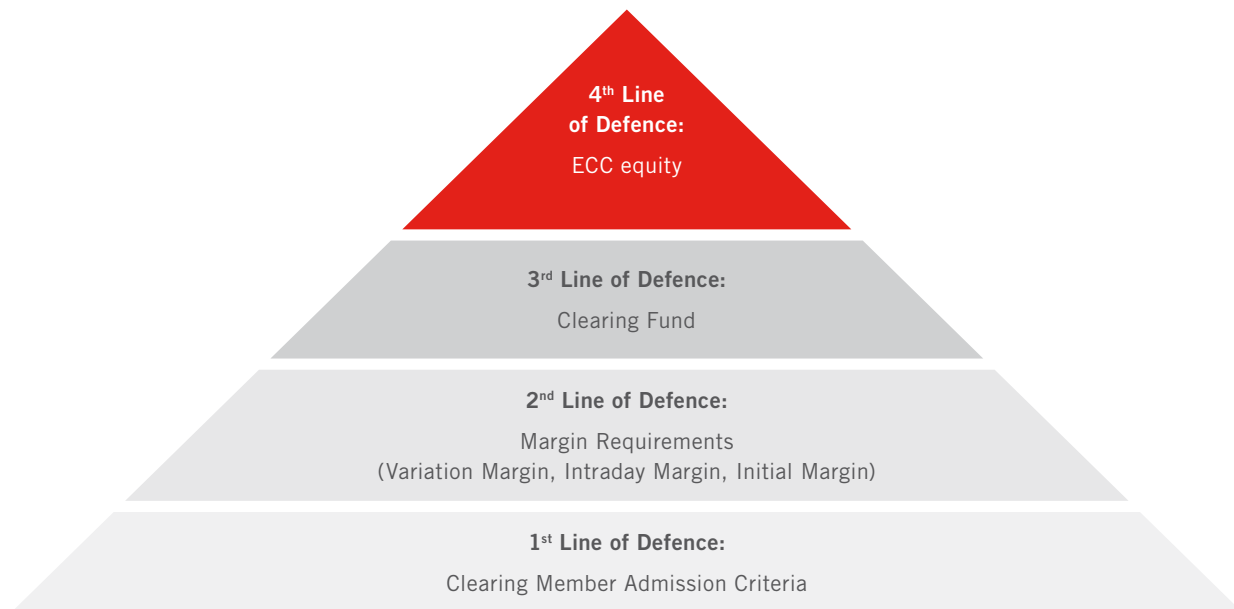
ECC provides clearing services for six partner exchanges and is responsible for the physical settlement of the transactions. Therefore, ECC is closely linked to various transmission system operators (17) and registries all over Europe. The clearing process is supported by 13 international clearing banks which offer their clearing services to 297 Non-Clearing Members.



one clear connection to safe business

As a central counterparty, ECC assumes the counterparty risk for all transactions concluded on its partner exchanges or transactions registered as OTC trades with ECC. In the event of a default, ECC guarantees payment and delivery (ECC covers the settlement risk). Managing the counterparty risk is an essential part of ECC's business.

ECC calls margins for every open position. In order to reflect the diversified risk in large portfolios ECC recognises spreads between different products which reduce the margin requirement.



one clear connection to safe business

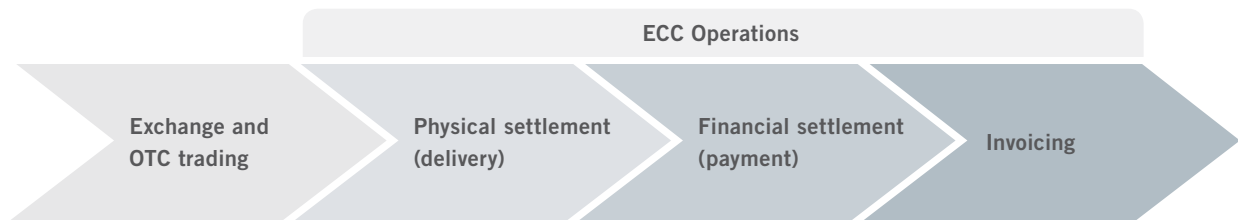
- ▶ Security through regulation
- ▶ ECC is a regulated bank under the German Banking Act and a designated payment system. ECC operates under a clear set of rules that are transparent to clients and customers.



one clear connection to integrated processes

Operations

ECC has established integrated processes and highly efficient operations for clearing and settlement of energy and related products. Its range of services comprises physical settlement, financial settlement and invoicing for transactions in power, natural gas, emission allowances and coal.



Members connected to ECC benefit from standardised procedures and straight-through processes. This set-up and ECC's network of partners are suitable for enhancing existing partnerships and potential future relations. Payment, margining and delivery netting are major benefits of ECC's connective structure.

one clear connection to integrated processes

Physical Settlement – 24 hours, 7 days a week

ECC has a high level of expertise in physical settlement of grid-bound energy (power, natural gas) and energy-related products (emission allowances).

ECC is responsible for the physical settlement of exchange traded or OTC-registered contracts. For this reason, ECC has concluded contracts with 17 European transmission system operators (TSOs) for both power and natural gas. Nomination includes scheduling of the local markets of ECC's partner exchanges and the nomination of cross-border power transmissions as part of market coupling projects (e.g. CWE). In this context, ECC assumes the role of the central counterparty, thus, contributing to the further integration of the European electricity markets.

Furthermore, ECC is linked to the German Emissions Trading Authority (DEHSt), to the Dutch Emissions Trading Registry (NEa) and to the Ministry of Environment of the Republic of Lithuania to perform the delivery of EU Emission Allowances (EUA) and Certified Emission Rights (CER).

ECC Physical Settlement

Power

- ▶ Intraday (DE, FR)
- ▶ Day-Ahead (DE, FR, AT, CH, HU)
- ▶ Physical Futures (DE, NL, BE, UK, HU)

Natural Gas

- ▶ Within-Day (DE, FR, NL)
- ▶ Day-Ahead (DE, AT, FR, NL)
- ▶ Physical Futures (DE, AT, FR, NL, UK | New in 2012)

Emission Allowances

- ▶ EUA Spot Trading
- ▶ EUA Primary Auction
- ▶ EUA Futures
- ▶ CER Futures

one clear connection to integrated processes

Financial Settlement

As a central counterparty, ECC guarantees financial fulfilment and carries out cash clearing for purchases and sales of all transactions concluded on ECC's partner exchanges or OTC-registered trades.

ECC co-operates with international banks as Clearing Members. For Euro settlement ECC uses central bank money that is transferred via the robust and reliable TARGET 2 infrastructure. This ensures a smooth procedure as ECC has been approved as a designated payment system according to Article 10 of the Settlement Finality Directive 98/26/EC.

Payments in foreign currencies are settled with the help of the private settlement agent model. ECC uses Clearstream Banking Luxemburg (Clearstream) as a private settlement agent.

ECC has a harmonised invoicing and fee settlement process across all its products and markets.

one clear connection

for you

Access to ECC

In its function as central counterparty, ECC offers its participants a variety of clearing and settlement services.

ECC provides you with one clear connection to its whole network of partner exchanges and products.

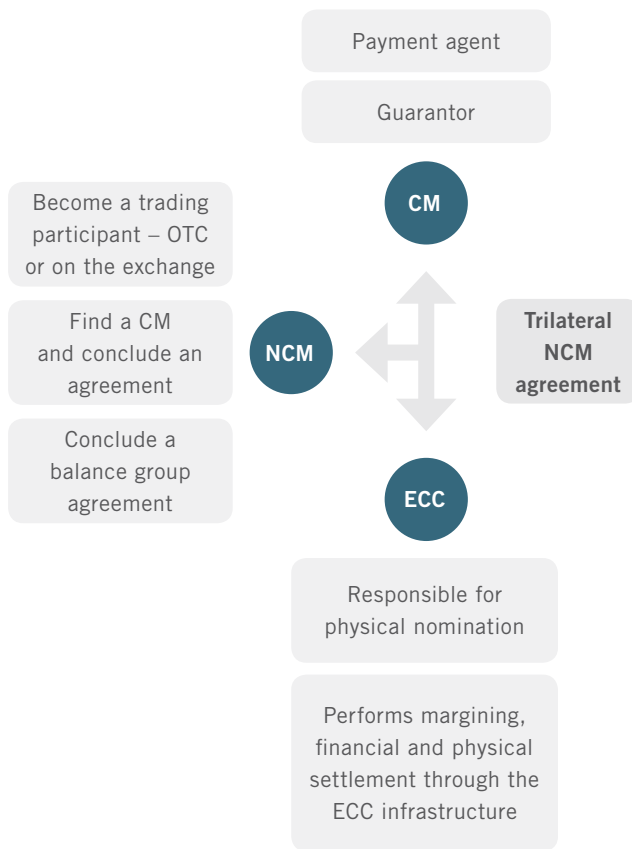
There are two different types of membership in ECC representing two levels of access:

Clearing Members (CM):

- ▶ are institutions in an EU member state or in Switzerland.
- ▶ hold either a general clearing license or a direct clearing license.

Non-Clearing Members (NCM):

- ▶ are trading participants.
- ▶ sign a trilateral agreement between the Non-Clearing Member, Clearing Member and ECC to provide for the necessary infrastructure.





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