KELER CCP's Announcement – No. 33/2019

CEEGEX spot market

Effective from: 6 May 2019

In line with KELER CCP Ltd.'s General Business Rules, KELER CCP Ltd. approved the **CEEGEX spot market margin requirements** for its Clearing Members as follows:

Calculation of the spot margin requirement

The calculation of spot margin requirement consists from two parts, the turnover margin and the delivery margin.

$$M_{(t+1)} = max \begin{cases} \text{Min\_value} + \text{Round.up}\,[M_{delivery(t+1)} * (1 + \text{VAT});\ 0] \\ \text{Round.up}\,[(M_{spot(t+1)} + M_{delivery(t+1)}) * (1 + \text{VAT});\ 0] \end{cases}$$

where,

- $M_{(t+1)}$: spot margin requirement
- VAT: the current value of the value-added tax in %, except in case of foreign clearing members, where the value of VAT - in this calculation - is 0 %
- Round up: rounding up to one EUR
- The minimum value of the spot margin requirement is 0 EUR

Turnover margin ($M_{turnover}$)

The calculation of the turnover margin is based on the data of the daily net purchase price amount where only positive amount are taken into consideration (on a 7/7 daily basis).

- **Short average**

  $$\boxed{S\_average_{(t)} = Average\_if\,[(SN)_{[t-d1]}; >0]}$$

  where,

  - **d1 = 14** - number of the days of the short lookback period
  - SN: net purchase price amount (on a 7/7 daily basis)

- **Long average**

  $$\boxed{L\_average_{(t)} = Average\_if\,[(SN)_{[t-d2]}; >= S\_average_{(t)}]}$$

  where,

  - **d2 = 365** - number of the days of the long lookback period
  - SN: net purchase price amount (on a 7/7 daily basis)

- **Lookahead period (E)**

  The lookahead period is the number of the days that remains until the next settlement day.

  Parameters:

  - Monday, Tuesday, Wednesday, Friday: 2,
  - Thursday: 3,
  - on holiday weekends the parameter could differ, and be bigger than 3

- **Cap**

  Upper limit for turnover margin

  $$\mathrm{Cap}_{(t+1)} = \mathrm{Max}(\mathrm{TN}_{[t\text{-}d3]})$$

  where,

  - TN: daily settlement net purchase price amount
  - **d3 = 60** - number of the days of the lookback period

- **$M_{spot(t+1)}$**

  $$M_{spot(t+1)} = \mathrm{Min}(\mathrm{L\_average}_{(t+1)} * E;\ \mathrm{Cap}_{(t+1)})$$

Delivery Margin ($M_{delivery(t+1)}$)

In case of products that are in the delivery cycle, the calculation is based on the daily delivery payments. The delivery margin is provided by the buyer.

$$M_{delivery(t+1)} = (D_{(t+1)} + D_{(t+2)}) * H$$

where,

- t: date of the calculation
- D: payment amount
- H = N/2+1, where N equals the number of non settlement days between t and t+2 settlement days

Position limit for CEEGEX

$$Position\ limit = \frac{B}{1 + VAT} - T - S$$

where,

- B: value of collateral assets placed for CEEGEX
- VAT: the current value of value-added tax. In this calculation, the value of VAT is 0% for foreign Clearing Members
- T: cumulated financial position based on the transactions which are not yet cleared on CEEGEX (positive = net buyer, negative = net seller)
- S: net financial position based on the transactions which have been already cleared but not yet settled on CEEGEX. Its value is 0 if the position has been settled (positive = net buyer, negative = net seller)

Budapest, 2 May 2019

KELER CCP Ltd.