

KELER CCP's Announcement - No. 58/2017.
CEEGEX spot market

Effective from: 2 October 2017

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.

$$M_{(t+1)} = \max \left\{ \begin{array}{l} \text{Min_value} + \text{Round.up} [M_{\text{delivery}(t+1)} * (1 + \text{VAT}); 0] \\ \text{Round.up} [(M_{\text{spot}(t+1)} + M_{\text{delivery}(t+1)}) * (1 + \text{VAT}); 0] \end{array} \right.$$

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 (on a 7/7 daily basis).

- Short average

$$S_{\text{average}(t)} = \text{Average_if} [(SN)_{[t-d1]}; > 0]$$

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

$$L_{\text{average}(t)} = \text{Average_if} [(SN)_{[t-d2]}; \geq S_{\text{average}(t)}]$$

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

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

where,

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

- $M_{\text{spot}(t+1)}$

$$M_{\text{spot}(t+1)} = \text{Min}(\text{L_average}_{(t+1)} * E ; \text{Cap}_{(t+1)})$$

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

In case of products that are in the delivery cycle, the calculation is based on the daily delivery payments.

$$M_{\text{delivery}(t+1)} = D_{(t+1)} + D_{(t+2)}$$

where,

- t: date of the calculation
- D: payment amount

CEEGEX Position limit:

Position limit =

$$\left((B_{\text{asset}(t)} \div (1 + \text{VAT})) - M_{\text{futures}(t)} - M_{\text{delivery}(t)} \pm S_{\text{purchase}(t)} \right) + \sum_{n=1}^n K(B; S)_{\text{daily}}$$

where,

- $B_{\text{asset}(t)}$: the value of the assets blocked with CEEGEX title and with KELER CCP being the beneficiary of the blocking
- VAT: the current value of value-added tax. In this calculation, the value of VAT is 0% for non-resident clearing members
- $M_{\text{futures}(t)}$: margin requirement for open CEEGEX physical futures position
- $M_{\text{delivery}(t)}$: actual delivery margin requirement for physical future products that are in the delivery cycle
- $S_{\text{purchase price}(t)}$: financially settled net purchase price on t day
- K_{daily} : financially not settled CEEGEX spot trades' cumulated financial position, where B = buy-side trade and S = sell-side trade
- n: number of trading days within the clearing cycle

12 September, 2017

KELER CCP Ltd.