

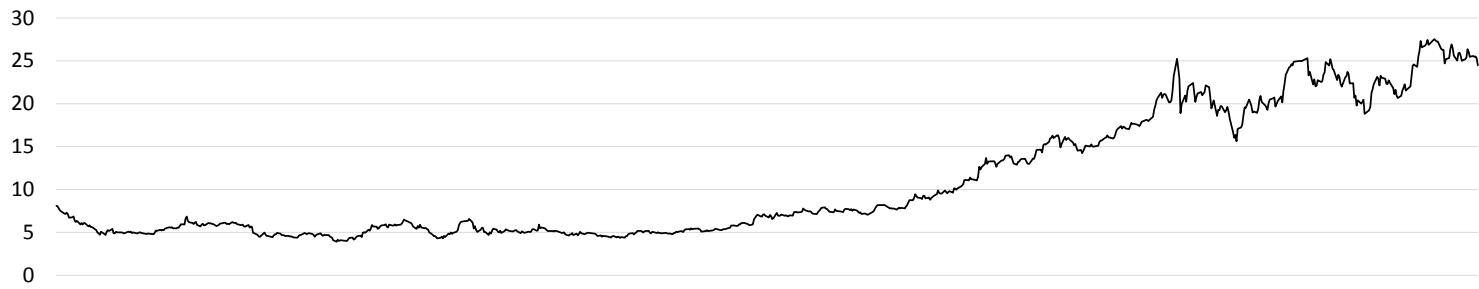
EEX Group Workshop Update Emissions Market

Speaker: Christian Fleischer & Steffen Löbner | EEX
27 June 2019

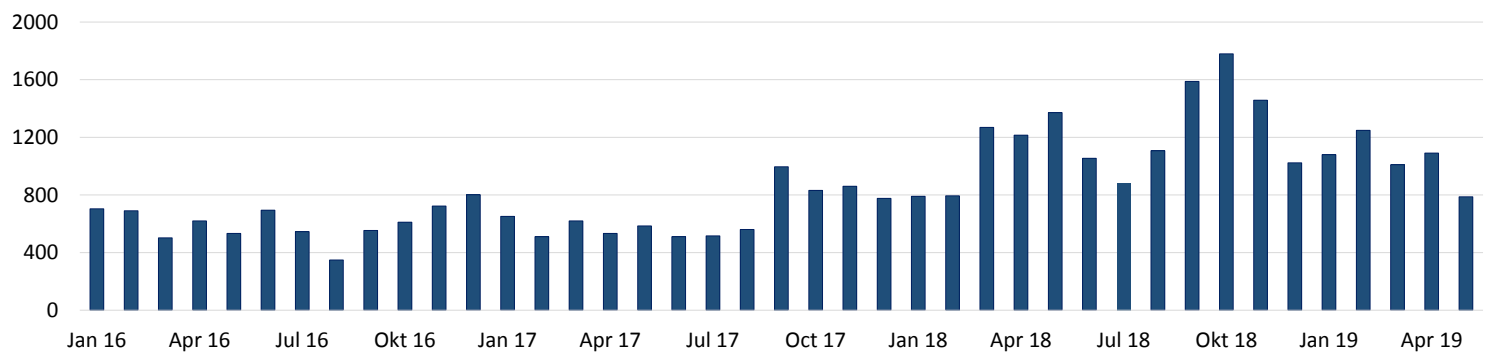
Carbon boom

EU ETS Prices and Volumes

EUA in EUR



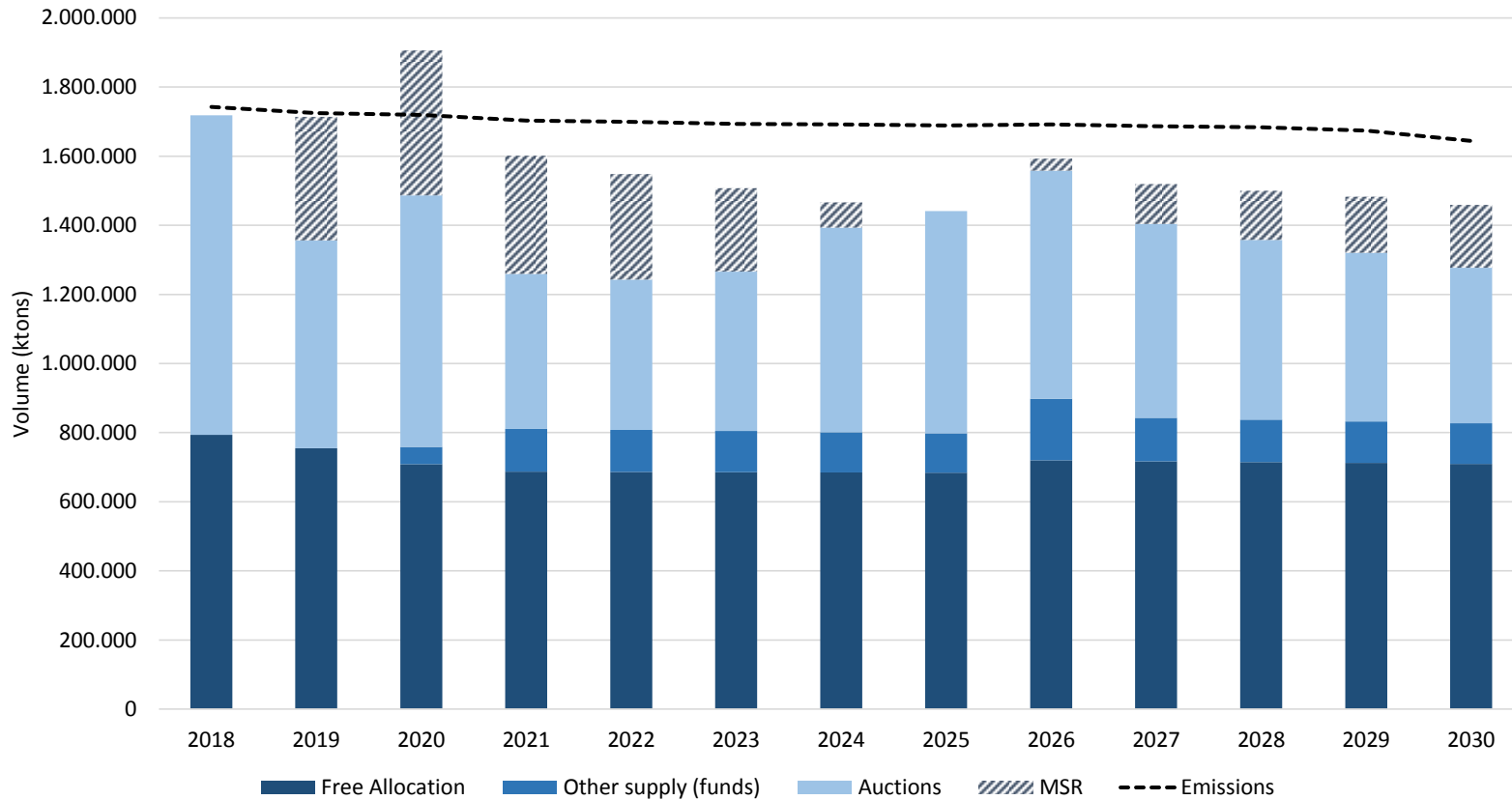
Monthly volume in mio. tons



- Overall **trading volumes** in secondary market in **Jun 18-May 19: +35%** compared to **Jun 17-May 18**
- **EUA price** in **Jun 18-May 19 : +145%** compared to **Jun 17-May 18**

Pressure on compliance companies

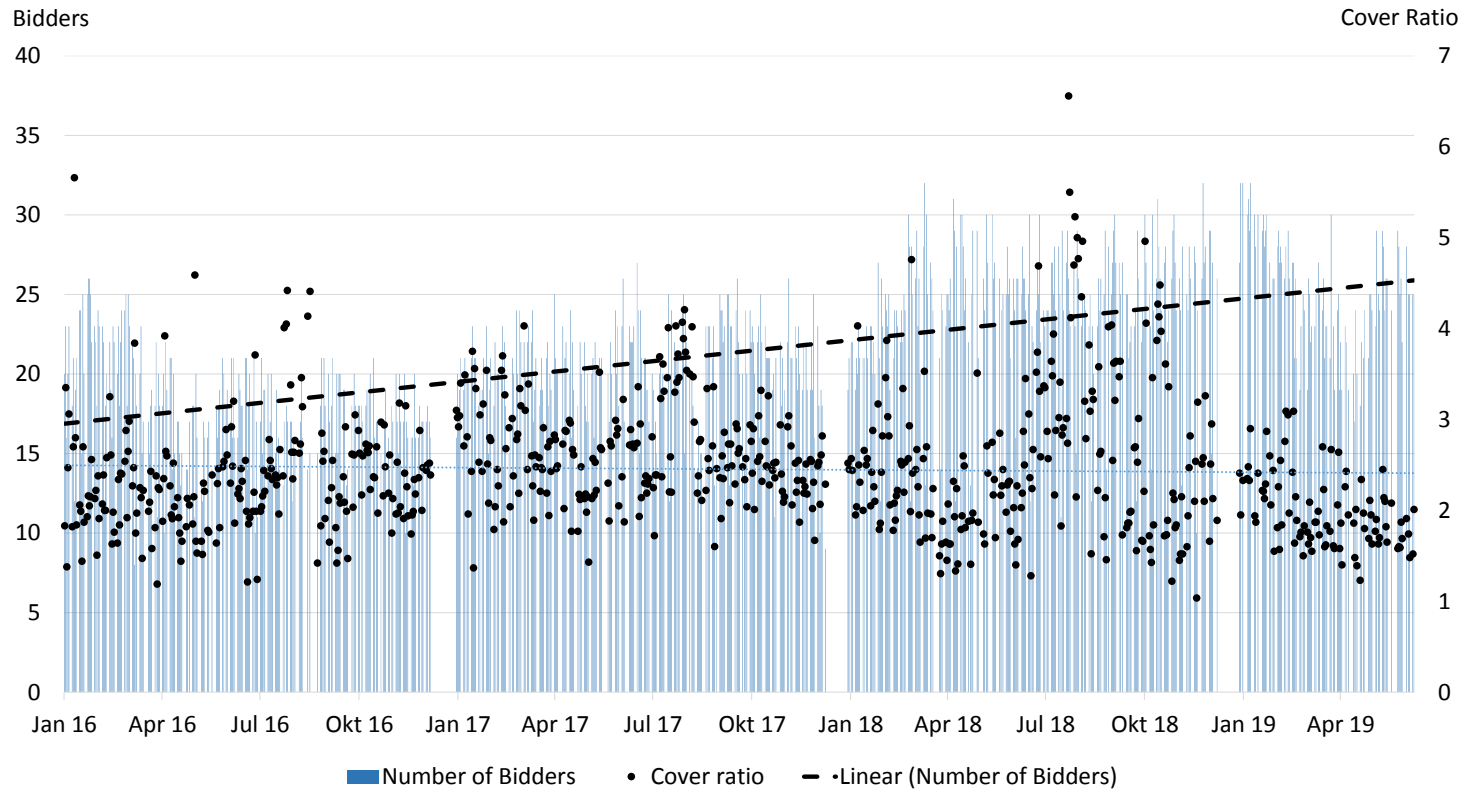
Fundamentals



- MSR is cutting **auction volume** by **36%** from 2019-2030 (~2,380m EUAs)

Continuous growth

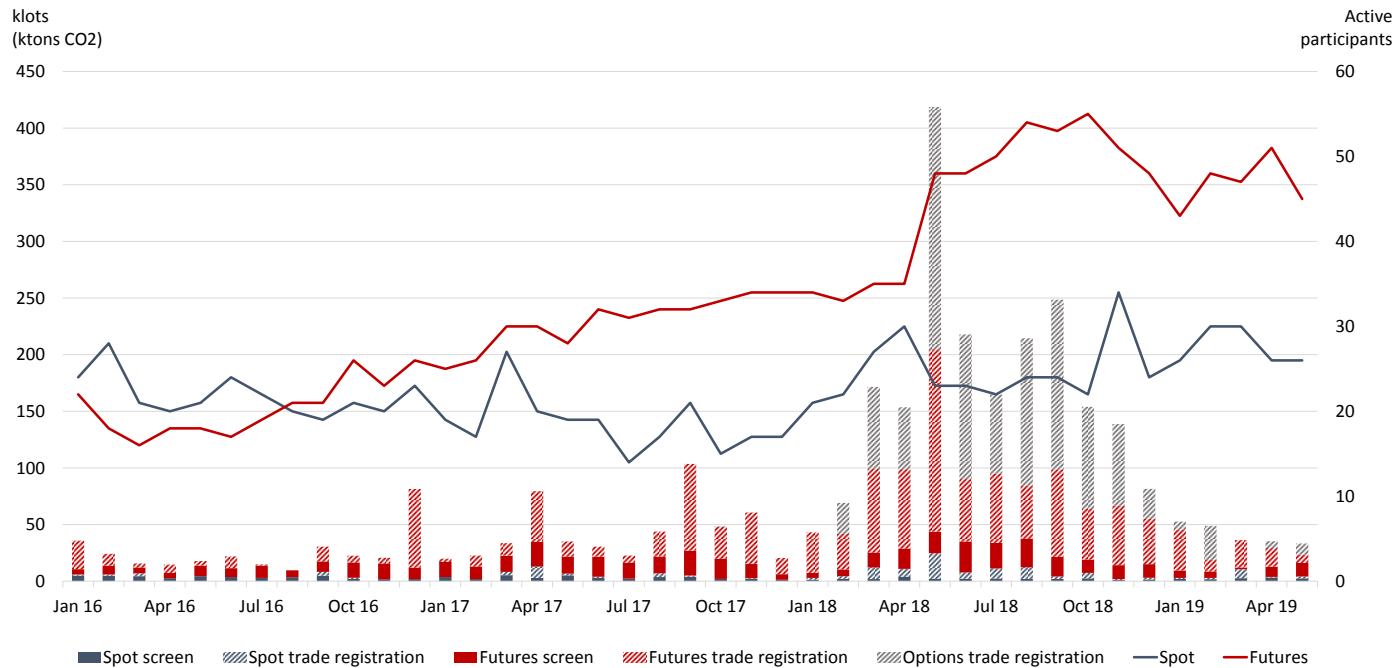
Auction Participation



- Number of active participants (2017 vs. 2018): **+20%**

Massive increase in 2018

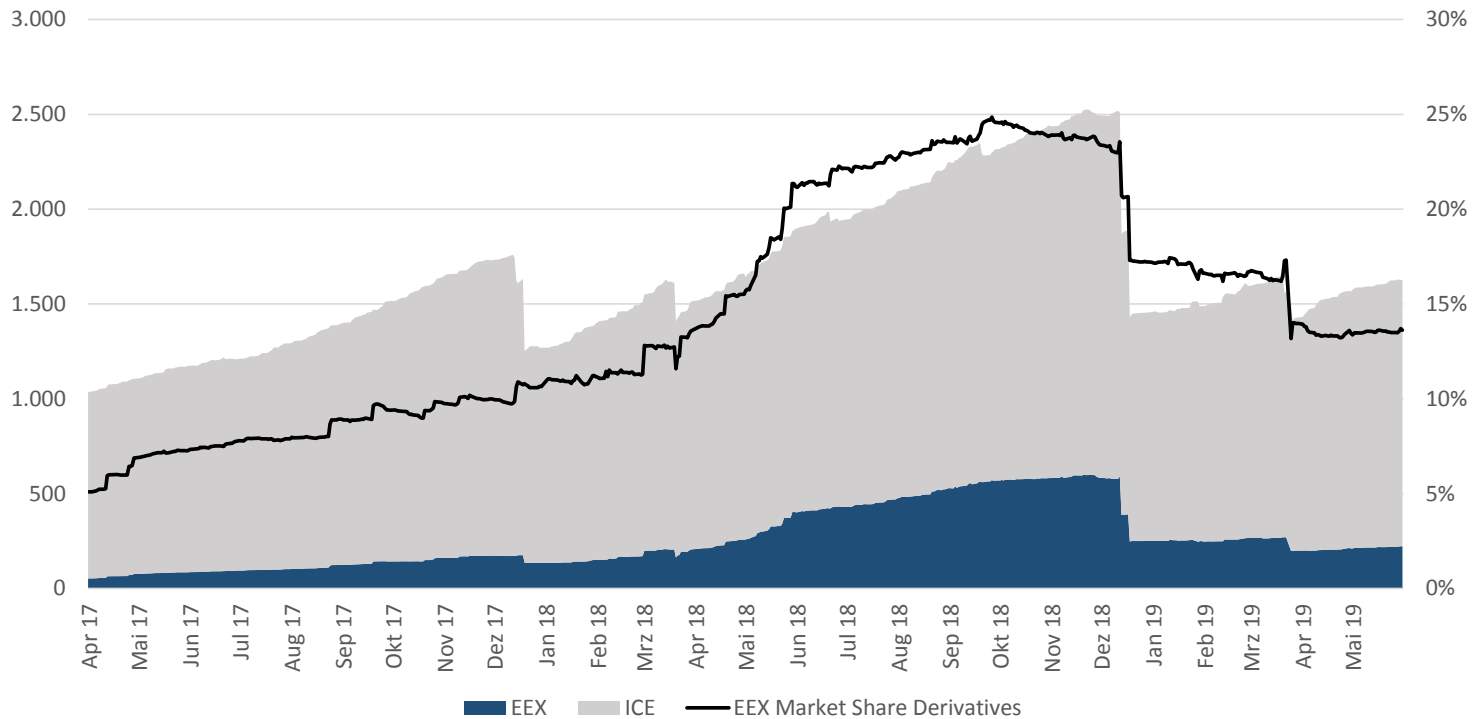
EEX Secondary Market Development



- Overall **trading volumes** in secondary market in **Jun 18-May 19: +20%** compared to **Jun 17-May 18**

Massive increase in 2018

Open Interest



- **Total market open interest** in **May 19: -14%** compared to **May 18**
- **EEX market share** by open interest in **May 19 : 14%** compared to **May 18: 21%**

Convincing price offering

Fees and rebate programs at EEX

Standard fee	Spot	3.50
	Futures	3
	Options	2.50
Rebate programs	Daily Spot Credit	0.50*
	Newly Active Clients	0.50**
	Delivery fee	0
	One leg of Spot/Future spread	0
	Discounted options fee	1.25
	Options exercise	0
	Delta hedge	0.50 / 0.25
	Special programs	Bilateral Programs

* Sign up via email with title 'spot credit' to emissions@eex.com.

** Applicable to new clients or existing clients with lower on-screen futures volumes than 50 lots in Q4/17. Sign up via email with title 'newly active' to emissions@eex.com.

Collateral value of allowances

EUA as Collateral: Overview

Coverage

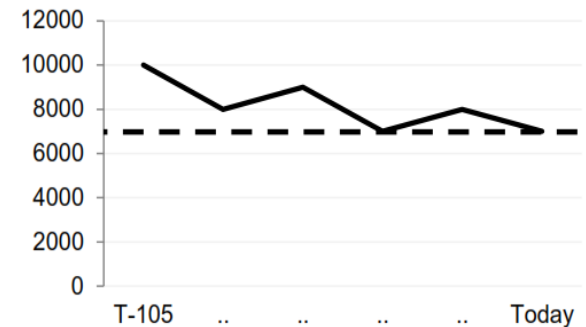
- All Spot markets and
- Net short positions in EUA Futures

Conditions

- Holding period: min. daily balance of last 105 days
- Haircut: 30% of market price
- Concentration limit: max. 20% of total IM

Process

- Subscription & confirmation
- Pledging of EUAs to both ECC and CM
- free of charge



Collateral value of allowances

EUA as Collateral: Sample Calculation

Position	Description	Result
EUA Market Price	Dec 19	26,38 EUR per EUA
Net short position	Dec 19	10.000.000 EUA
Initial margin (scanning range)	3,50 EUR per EUA	35.000.000 EUR
Concentration limit (IM savings)	max. 20%	7.000.000 EUR
corresp. Number of EUAs	$7.000.000 / 26,38$	265.353 EUAs
inkl. 30% haircut	$265.353 * 100/70$	380.000 EUAs
corresp. Value	$380.000 * 26,38$	10.024.400 EUR

*as of 2019-06-24 – amended from time to time, current rate can be found here: https://www.ecc.de/ecc-en/risk-management/reports_and_files

What's coming next?

Latest & coming improvements at EEX

Recent enhancements

Monthly options

Planned improvements

Options, changed exercise setup (auto exercise)

EUA as collateral (improvement of existing model)

Trade at Settlement & Trade at Auction

Future Style Options

Global Commitment

International Activities

Active Contribution to the Implementation of EU ETS

Support of the development of local schemes worldwide

Nov 2018: Launch of North American Environmental Contracts by Nodal & IncubEx

Trade with us.

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