

HUDEX PHYSICAL DELIVERY PROCESS



h u d e x
HUNGARIAN DERIVATIVE
ENERGY EXCHANGE

- ▶ From the entry into force of MiFID II (**3rd January 2018**) the trading of futures products will be available under the aegis of HUDEX
- ▶ HUDEX – 100 % owned by HUPX Ltd. – will offer Financial Power Futures products with optional physical delivery, meaning that:
 - ▶ On the last delivery day of a contract, the holder of the position is simply debited or credited the difference between their entry price and the final settlement price (**Cash Settlement**)
 - ▶ A Trading Member holding a position for a contract may request from HUDEX the physical fulfilment of their position (**Optional Physical Delivery Request**)
 - ▶ The original operational clearing and settlement structure will not be affected by the change

HUDEX Hungarian Base and Peak Financial Power Futures

Product Group	HUDX_FT_POWER_HU	
Name / Product ID	Hungarian Base Week Future Hungarian Base/Peak Month Future Hungarian Base/Peak Quarter Future Hungarian Base/Peak Year Future	F6B1-F6B5 F6BM / F6PM F6BQ, F6PQ F6BY, F6PY
Delivery	Optional physical delivery through HUPX DAM	
Trading	Trading days for Hungarian Financial Power Futures will be determined by HUDEX	
Delivery Periods	Front 4 individual Weeks Front 6 individual Months	Front 7 individual Quarters Front 6 individual Years
Financial Settlement	Standard	
Margining	Standard	
Limits	Limit handling according to MiFID II regulation	

- ▶ Physical delivery can be requested up to the members' open positions for **Monthly** and **Weekly** products. For Quarterly and Yearly products cascading will be applied. It means that during the trading period of Quarterly and Yearly products open positions are not visible in the webtool for this time periods. However, Trading Members can submit a physical delivery request for the tradable years based on the Monthly amount
- ▶ The physical delivery is executed through HUPX DAM. Therefore optional physical delivery is available **only for HUPX DAM Members**
- ▶ For the physical fulfilment two additional portfolios will be established in the HUPX DAM trading system for free:
 - ▶ ETS portfolio for Weekly physical fulfilment (PW)
 - ▶ ETS portfolio for Monthly physical fulfilment (PM)
- ▶ Physical portfolios are linked to an existing user account. The same login credentials are used for trading and for physical portfolios
- ▶ The **trading limit for HUPX DAM does not cover physical fulfilments**



1. SUBMIT PHYSICAL DELIVERY REQUEST TO HUDEX



- ▶ HUDEX ensures an internet-based webtool for submission of the physical delivery requests
- ▶ Default physical delivery can be requested during the admission process – in that case the open positions will be automatically delivered, thus there is no need to use the webtool
- ▶ Deadlines of the submission:
 - ▶ Weekly Products: one business day ahead of delivery 11:00 CET
 - ▶ Monthly Products: two business days ahead of delivery 15:00 CET
- ▶ Please note that in order to keep the deadline of the submission the Monthly products are tradable until 13:00 on the last trading day!
- ▶ Physical portfolios are linked to an existing user account. The same login credentials are used for trading and for physical portfolios

1. SUBMIT PHYSICAL DELIVERY REQUEST - WEBTOOL



- ▶ Account selecting option
- ▶ Selection of tradable monthly, weekly products
- ▶ Product specific open position details
- ▶ Delivery request settings

Physical Delivery Request Form - Power

Trading account: 1

Monthly product | Weekly product

Delivery Month: 4 | Year: 2018 | First delivery day: 01.04.2018

Last open positions update: 10:01 28.03.2018

Open position for the Month

	Baseload			Peakload		
	Bought	Sold	Net	Bought	Sold	Net
Open positions (MW)	0	5	-5			
Open positions (MWh)	0	3 600	-3 600			

Delivery request

	Last submitted		New	
	Side	Volume (MW)	Side	Volume (MW)
Baseload (00:00 - 24:00)*	Sell	5	Buy	
Peakload (08:00 - 20:00)*			Buy	

*Baseload and peakload positions will be netted for delivery

Submit

1. SUBMIT PHYSICAL DELIVERY REQUEST - WEBTOOL



- ▶ Net open position is displayed for every delivery period
- ▶ Last open position will be updated once per day in the testing period
- ▶ Last open positions will be updated frequently in production environment

Delivery Month	Year	First delivery day
4 ▼	2018 ▼	01.04.2018

Last open positions update:
10:01 28.03.2018

Open position for the Month

	Baseload			Peakload		
	Bought	Sold	Net	Bought	Sold	Net
Open positions (MW)	0	5	-5			
Open positions (MWh)	0	3 600	-3 600			

1. SUBMIT PHYSICAL DELIVERY REQUEST - WEBTOOL



- ▶ Requested amount for physical delivery can be submitted
- ▶ The maximum volume to be entered is 999, but the maximum to be delivered is the net open position amount. Only integer volume can be entered.
- ▶ Each requested amount will be confirmed in reports available on the FTP
- ▶ The default physical delivery request can be overwritten by submission of a new physical delivery request through the HUDEX webtool

Delivery Month	Year	First delivery day
4 ▼	2018 ▼	01.04.2018

Delivery request

	Last submitted		New	
	Side	Volume (MW)	Side	Volume (MW)
Baseload (00:00 - 24:00)*	Buy	12	Buy ▼	
Peakload (08:00 - 20:00)*	Buy	3	Buy ▼	

*Baseload and peakload positions will be netted for delivery

Submit

2. ORDER INTEGRATION TO ETS SYSTEM BY HUPX



- ▶ HUDEX Market Operations forward the delivery requests to HUPX DAM
- ▶ HUPX DAM Market Operations integrates the requests as price-independent linear bids for each delivery period of the futures position in the ETS order book
- ▶ Once these Physical Delivery Bids are entered by HUPX Market Operations, the bids are displayed in the Market Global View screen as a Linear bid with a 'Not Confirmed' status
- ▶ Physical delivery bids are integrated to Physical delivery portfolios as soon as possible after:
 - ▶ Weekly Products: one business day ahead of delivery 12:00 CET
 - ▶ Monthly Products: two business days ahead of delivery 16:00 CET
- ▶ HUDEX ensures an internet-based webtool for submission of the physical delivery requests

3. E-MAIL THAT THE DELIVERY PORTFOLIOS CAN BE CONFIRMED



- ▶ HUPX DAM Market Operations informs by email the authorized traders registered in Customer Center that the requests are integrated and physical portfolios can be confirmed in ETS

4. MEMBERS TO CONFIRM MANUALLY THE DELIVERY PORTFOLIO



- ▶ HUPX Members confirm the physical delivery portfolios in the ETS
- ▶ Deadline:
 - ▶ Weekly Products: 12:00 CET on the first trading day of the delivery period
 - ▶ Monthly Products: 12:00 CET on the first trading day of the delivery period
- ▶ Please note that not confirmed orders will not be taken into account in the Auction. Without confirmation the open positions will be cash settled only
- ▶ Only one confirmation is needed for each delivery period (not per day!)

5. UNLIMITED ORDERS EXECUTION DURING THE AUCTION



- ▶ After the confirmation of the Physical delivery bids, on each day of the delivery period the price-independent bids will be automatically submitted to the Order Book
- ▶ Every day (when the auction is successfully processed) the bids will be executed on the Market Clearing Price
- ▶ Executed volumes shall be nominated to the HUPX DAM EIC code



THANK YOU FOR YOUR
ATTENTION!

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