

# HUDEX

## Physical Delivery Process



- ▶ 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<br>Hungarian Base/Peak Month Future<br>Hungarian Base/Peak Quarter Future<br>Hungarian Base/Peak Year Future | F6B1-F6B5<br>F6BM / F6PM<br>F6BQ, F6PQ<br>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<br>Front 3 individual Months   | Front 4 individual Quarters<br>Front 3 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.
- 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



- The requested volumes of the physical delivery from HUDEX Member can be submitted from a Registered Trader's email address via [power@hudex.hu](mailto:power@hudex.hu)
- 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 write the email.
- Deadlines of the submission:
  - Weekly Products: one business day ahead of delivery 10:00 CET
  - Monthly Products: two business days ahead of delivery 14:00 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!**

## 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

### 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!**

**HUDEX market operation – Power Segment**

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