

# Hungarian gas market clearing developments

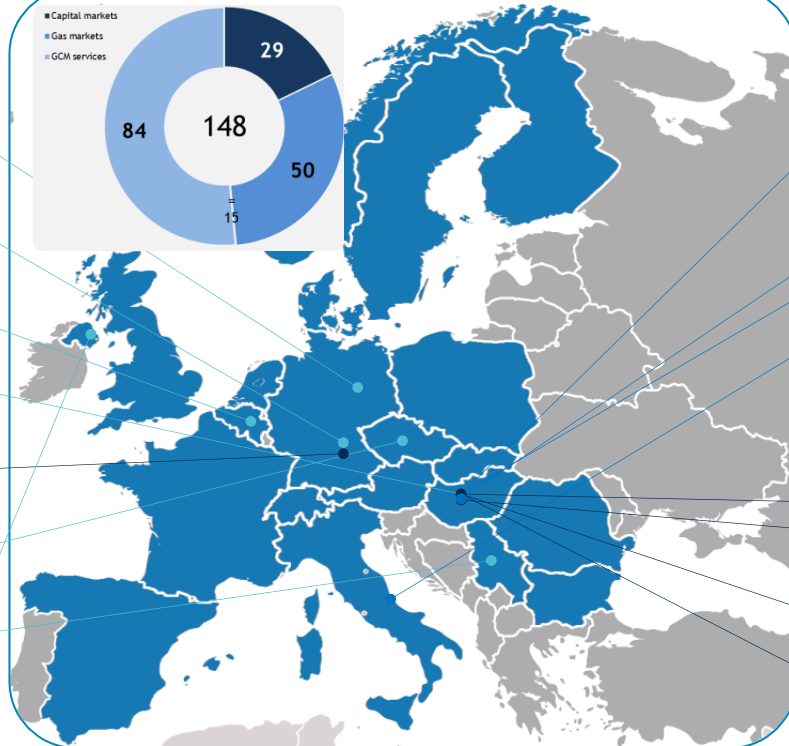
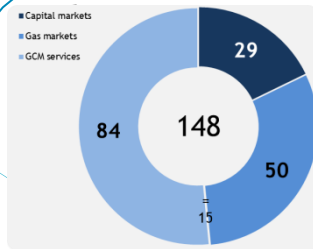
Budapest, 20<sup>th</sup> September 2019

**Tamás Horváth**  
Chief Operating Officer  
KELER CCP Ltd.

- 1 Introduction of KELER CCP
- 2 Developments in 2019
- 3 Developments from Q1 2020
- 4 Planned developments in 2020
- 5 Change in settlement bank model

# KELER CCP's actual presence

20+ countries, 148 clients



## GCM services



powernext  
POWERING THE NEXT MOMENTS



## Capital markets



## Gas markets



45 Hungarian clients

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## Extended tradability of CEEGEX spot products

- ✓ DA product available on every weekday
- ✓ Weekend, Saturday, Sunday and Holiday products available two working days before delivery

## Impacts on financial settlement and limit calculation

- ✓ Financial settlement takes place on the first delivery day of the contract or later
- ✓ Non-settled trades modify the available financial limit until the settlement takes place

## New products on the HUDEX Gas market

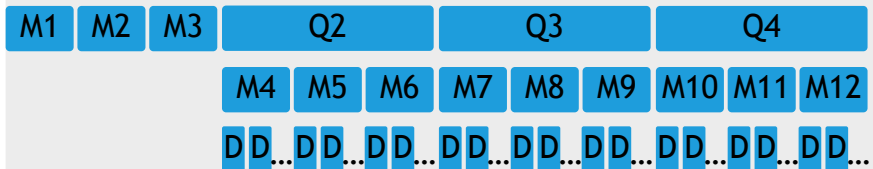
- ✓ 3 Months
- ✓ 4 Quarters
- new** 3 Seasons
- new** 2 Calendar Years
- new** Balance of Month

## Technical development for more flexible product implementation

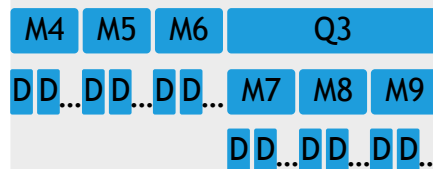
- ✓ new attributes for trade transfer
- ✓ more efficient trade processing
- ✓ expansion of automatic checkpoints

## Cascading chains

### Calendar Year



### Season (Summer)



### Balance of Month



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- € **The Hungarian gas market switches to EUR currency**
  - Following the CEEGEX platform currency change in October 2017
  - The Hungarian natural gas balancing market and the FGSZ Trading Platform change to EUR currency from January 2020 and switch to daily settlement
  - With this step, the whole Hungarian gas market becomes EUR based from 2020 and all settlements are done on daily basis
- ~~IM~~ **Compulsory initial margins no longer required on prepaid markets**
  - On the prepaid CEEGEX and FGSZ TP markets initial margin requirement becomes 0 EUR from January 2020 and will be replaced by voluntary collateral placement
- CCP **Mandatory clearing membership for balancing transactions**
  - All imbalance charge transactions become CCP cleared. This requires network users to complete the CCP admission process by December

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- ✓ Separate margin requirement and trading limit calculation

CEEGEX

HUDEX Gas

FGSZ Trading Platform

Hungarian Gas Balancing

- ✓ One daily clearing process for the gas markets

One net payment amount per Clearing Member

One invoice per Clearing Member

- ✓ One default fund for the gas markets

- ✓ New member reports, one for all markets

Trading and Position

Payment

Margin and Limit

- ✓ Introduction of non-clearing membership regime

CCP

GCM

NCM

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## KELER CSD Ltd. will not provide account management services for energy market participants after obtaining the CSDR\* license

- Clients using KELER CCP services on the Hungarian natural gas markets and GCM services on ECC cleared markets are affected
- Deadline of the new settlement bank model implementation: End of September 2020

## Consequences of the settlement bank model change

- KELER CCP clients will have to contract with a new settlement bank
- KELER CCP will offer a choice of settlement banks (3 banks in the pipeline)
- Collaterals to be placed on dedicated KELER CCP accounts

## Potential benefits of the new settlement bank model

- Transfer cut-off times can be extended by settlement banks
- Settlement banks can provide credit line for CCP members
- Banking costs expected to be lower

**Tamás  
HORVÁTH**  
Chief Operating  
Officer

horvath.tamas  
@kelerkszf.hu  
+ 36 1 483 6232

**Adriána  
MONORI**  
Sales and Client  
Relations Manager

monori.adriana  
@keler.hu  
+ 36 1 483 6180

**Zsófia  
VÁRSZEGI**  
Sales and Client  
Relations Manager

varszegi.zsofia  
@keler.hu  
+ 36 1 483 6264

For further information please  
visit:

[www.kelerccp.hu](http://www.kelerccp.hu)  
[www.keler.hu](http://www.keler.hu)

**KELER CCP Ltd.**  
Budapest, Hungary  
Rákóczi út 70-72.  
1074