

GET Baltic Webinar #1 - Introduction, Admission & Access Models into EEX

- GET Baltic and EEX - Building markets together
- Lifecycle of an exchange transaction & Access to EEX
- Admission Process for GET Baltic Members
- Mapping out future actions for market participants

GET Baltic and EEX - Building markets together

19 March 2024

#BuildingMarkets
Together

Your presenters of today



Henrik Sørensen
Senior Business Developer
EEX



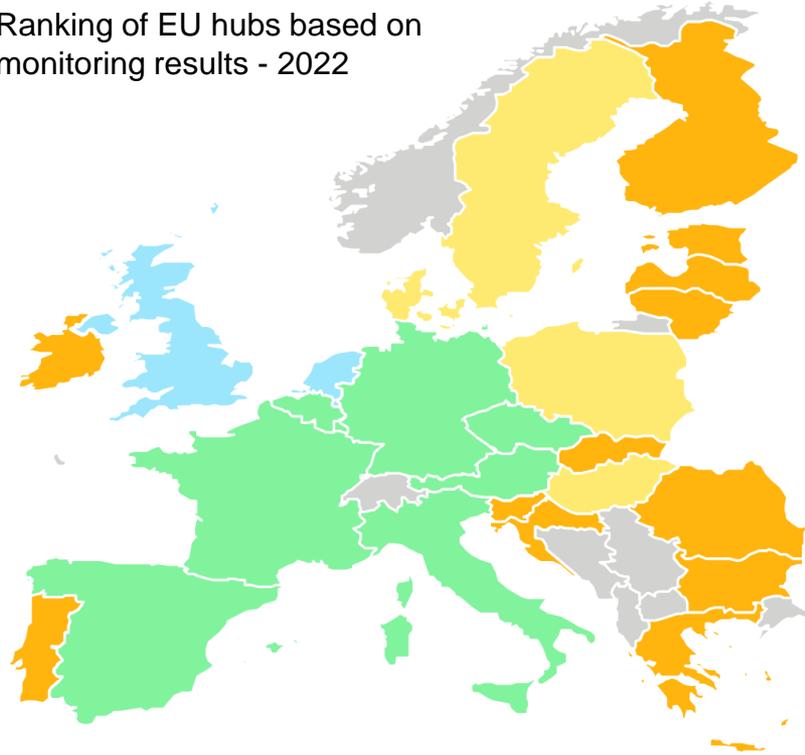
Ieva Ciganė
Head of Project Management
GET Baltic

Well-functioning wholesale gas market requires a liquid futures market

EUROPEAN GAS TARGET MODEL EMPHASIS THAT:

“a functioning wholesale market requires a liquid spot market but also, **crucially, a liquid wholesale forward and/or futures market** to readily enable cost effective wholesale market risk management.”

Ranking of EU hubs based on monitoring results - 2022



Established hubs

- Broad liquidity
- Sizeable forward markets which contribute to supply hedging
- Price reference for other EU hubs and for long-term contracts indexation

Advanced hubs

- High liquidity
- More reliant comparatively on spot products
- Progress on supply hedging role but relatively lower liquidity levels of longer-term products

Emerging hubs

- Improving liquidity from a lower base taking advantage of enhanced interconnectivity and regulatory interventions
- High reliance on long-term contracts and bilateral deals

Illiquid-incipient hubs

- Embryonic liquidity at a low level and mainly focused on spot
- Core reliance on long-term contracts and bilateral deals
- Diverse group with some jurisdictions having
 - organised markets in early stage
 - to develop entry-exit systems

Source: ACER estimate based on AGTM metric results

Existing GET Baltic products & services offering does not cover customer's needs and expectations

SPOT	LONG-TERM	OTHER GAS PRODUCTS AND SERVICES	
Within-Day	Months	Clearing house services	Data exchange services
Day-Ahead	Quarters	OTC trade registration	Transparency services
Weekend (Saturday & Sunday; Holidays)	Seasons	Spread products trading	Algorithmic trading solutions
Individual Days	Calendars	Balancing products	Registry services

Building markets together – EEX and GET Baltic are further developing the Baltic-Finnish gas markets of the future

EEX will launch the GET Baltic markets Q1 2025 on same platform as EEX –strengthening the ties to the well-established pan-European gas markets

One trading infrastructure, one onboarding process, one set of rules for all major European gas markets with access to a robust and liquid marketplace

Enhanced services for participants active in Baltic-Finnish markets though clearing with ECC

Integrated state-of-the-art reporting and data services for energy markets across Europe



Together GET Baltic and EEX will offer state-of-the-art products and services



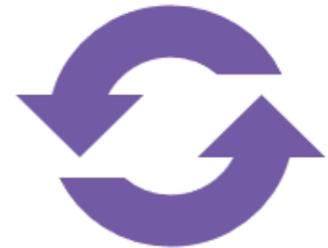
New and modern trading infrastructure



New long-term products (futures) and indices



New clearing house services



New trading opportunities

The new GET Baltic brand visually marks the integration into the EEX Group



New logo launched at E-world 2024 in Essen, marking the close connection between GET Baltic and EEX Group

The updated corporate design keeps GET Baltic's heritage but also fits perfectly into the network of EEX Group.



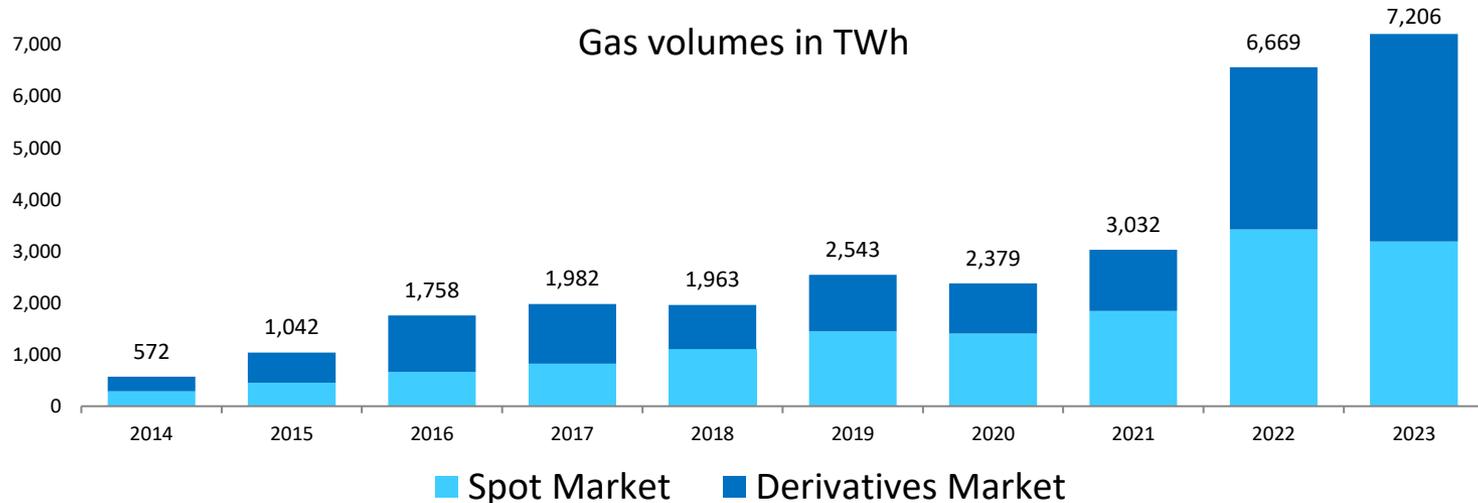
Natural Gas trading at EEX more liquid than ever before

EEX continues to be the biggest natural gas spot market with 230 TWh in February 2024

Record month on derivatives in January with 422 TWh followed by February with 365 TWh

2023 saw a 9% increase compared to the record year 2022, 28% growth in derivatives

Volumes on GET Baltic reached an all-time high in 2023, with a 31% increase to 9.1 TWh



EEX makes pan-European gas trading seamless, instant and transparent

Natural gas trading on EEX offers 100+ Spot and Derivatives products for 10 gas hubs in 10 European countries.

Physical Spot Market

Hourly, Within-Day, Day-Ahead, Weekend and Individual Days, TSO specific products

Physical Futures Market

Month, Quarter, Season, Calendar, TTF Options

Cash-settled Futures (EGSI Futures)

Daily, Weekend, Weekly, Month, Quarter, Season, Calendar

Spreads

Location spreads between different market areas and time spreads on futures

LNG Offer

Cash-settled JKM Futures

Trading Hours

- Spot Products: **24/7**
- Futures: **8:00 AM – 6:00 PM CET** (*Business days only*)



GET Baltic products will integrate into EEX by first quarter of next year

GET Baltic Products

Within-Day

Day-Ahead

Next 30 Days

Next 12 Months

REMIT reporting exchange trades

Data Services and Indices

Implicit Capacity Allocation



EEX Products

Within-Day

Day-Ahead

Not offered at EEX

Physical futures

Automated transaction reporting

DataSource

Implicit Capacity Allocation

EEX launches natural gas spot contracts. GET Baltic trading system is decommissioned

Offer to be discontinued. EEX will list futures: Month contracts; cascading Quarters, Seasons and Years

Trade reporting handled by EEX

Integrated data services will be offered by EEX

ICA by matching of best bid and best ask orders

Baltic-Finnish markets with additional trading opportunities within EEX trading system and rulebook

- **EEX Gas Spot & Derivatives Products**

Launch of spot and futures contracts for Lithuania, Finland, and Latvia-Estonia under EEX license and with ECC clearing in first quarter of 2025

- **Physical delivery on all three bidding zones**

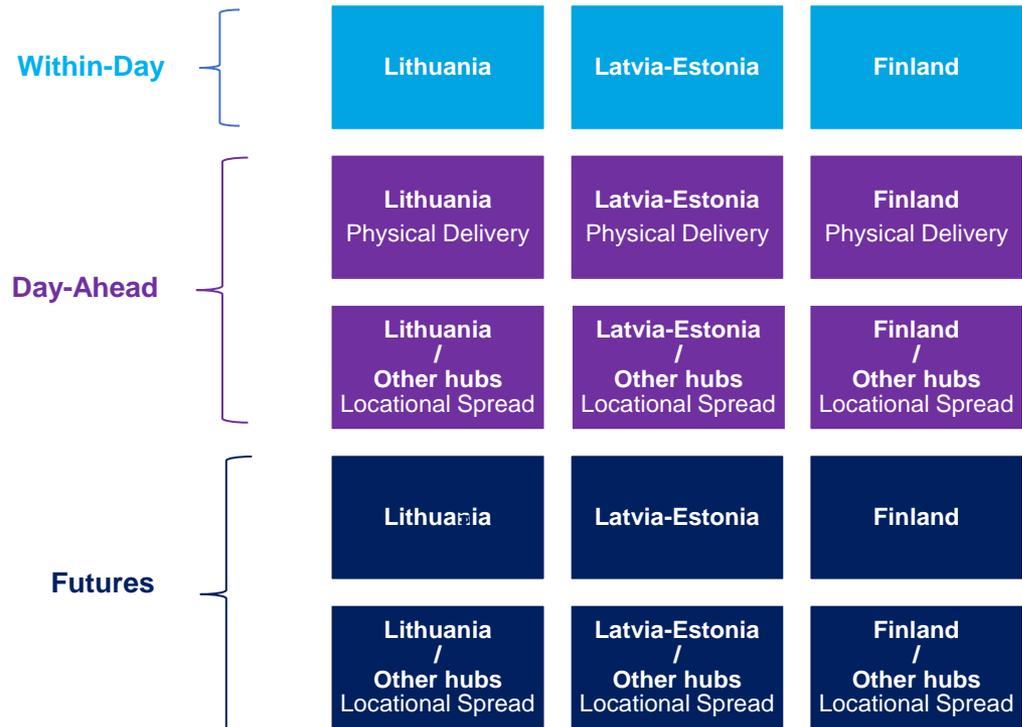
- Lithuania
- Latvia-Estonia
- Finland

- **Locational spread trading with**

- Dutch TTF
- German THE
- Austrian CEGH VTP
- French PEG
- Danish ETF

- **Full curve physical futures**

- Next 12 months
- Next 11 quarters
- Next 11 seasons
- Next 6 years



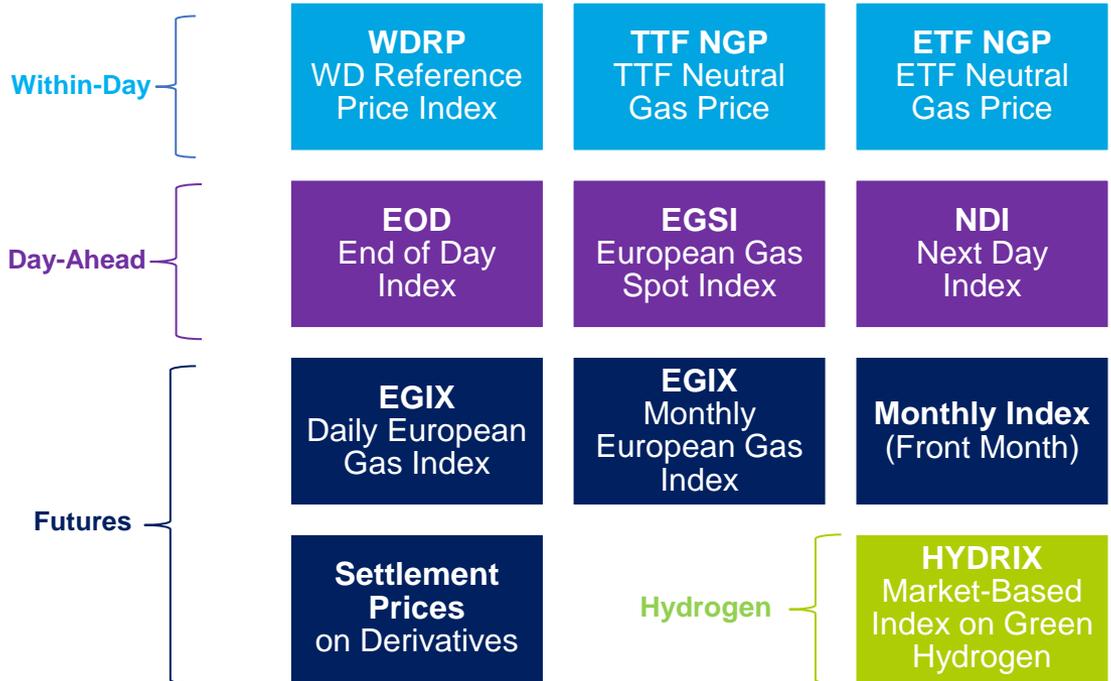
EEX provides objective indices to support decision making amongst energy market participants

Reliable price references are the basis of a well functioning market. With our natural gas indices, we provide reliable and traceable price references. Our methodologies are rule-based and published in full to give complete transparency of the calculation process.

EEX calculates our trademark indices for the Baltic-Finnish markets from day one

- Upon launch of the trading products at EEX these indices will be calculated for the three market areas:
 - EEX WDRP
 - EEX EOD Index
 - EEX EGSi
 - EEX NDI
 - EEX Daily EGIX
 - EEX Monthly EGIX
 - EEX Monthly Index

- The indices currently calculated by GET Baltic will be provided by GET Baltic until the trading product migration



Trading infrastructure and connectivity options reflect client needs and regulation

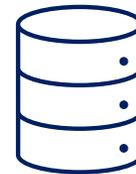
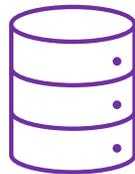
Spot markets

Derivatives markets

Trading back-end

Trayport Global Vision ETS

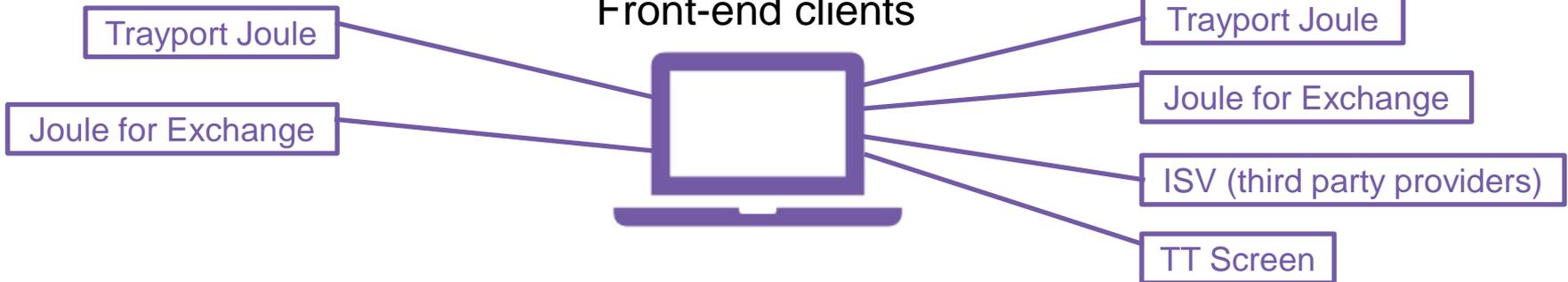
- Within-Day
- Day-Ahead
- Weekend



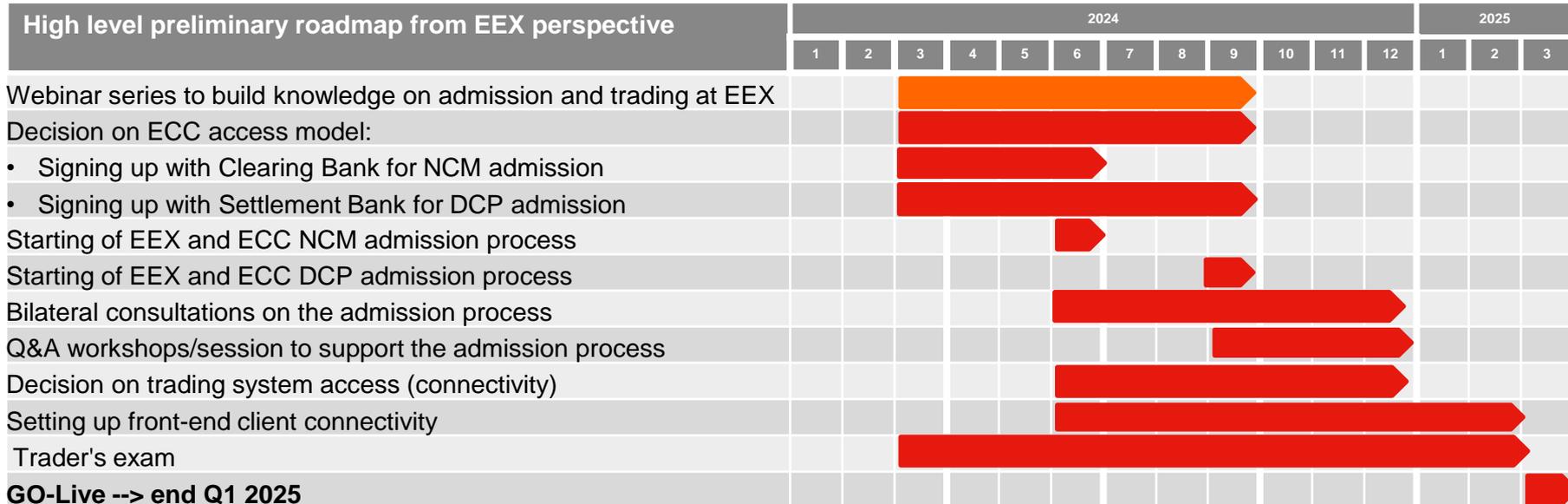
EUREX T7

- Month
- Quarter
- Season
- Year

Front-end clients



GET Baltic's markets integration into pan-European gas markets at EEX



GET Baltic, EEX and ECC specialists are ready to guide you through the process and assist with preparation.

Thank you for your attention!

Lifecycle of an exchange transaction & Access to EEX

Your presenters

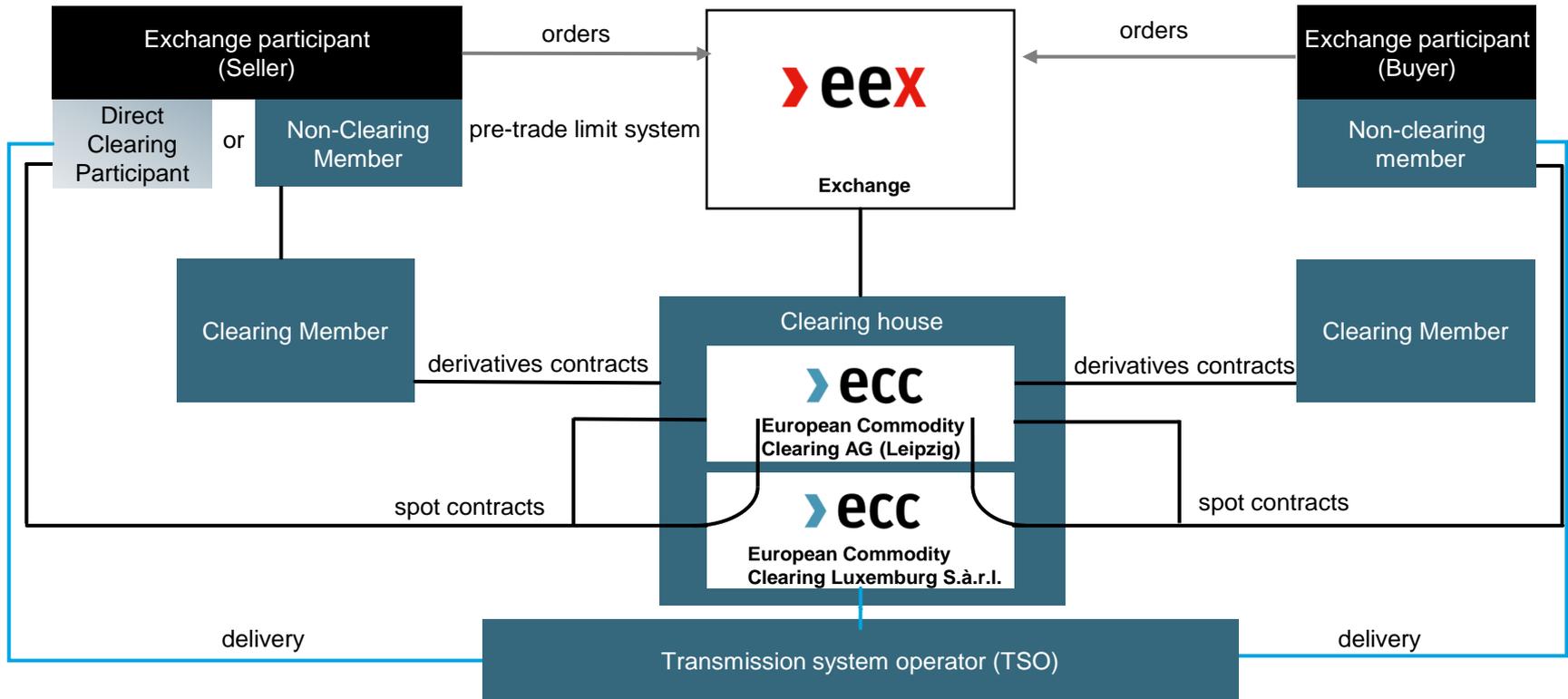


Henrik Sørensen
Senior Business Developer
EEX



Anna Baumgarten
Senior Clearing Strategy
ECC

EEX and ECC operating as separate entities ensures the security of all transactions



European Commodity Clearing AG (ECC) guarantees fulfillment of all contracts



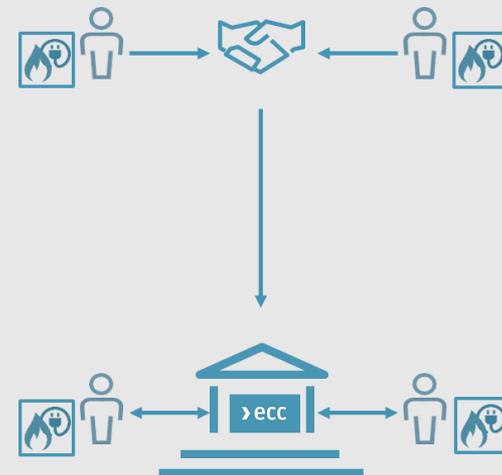
Clearing in a nutshell

The clearing house assures the **fulfillment of a contract** concluded or registered on the exchange.

After a trade has been concluded the clearing house steps in as a central counterparty between the buyer and the seller.

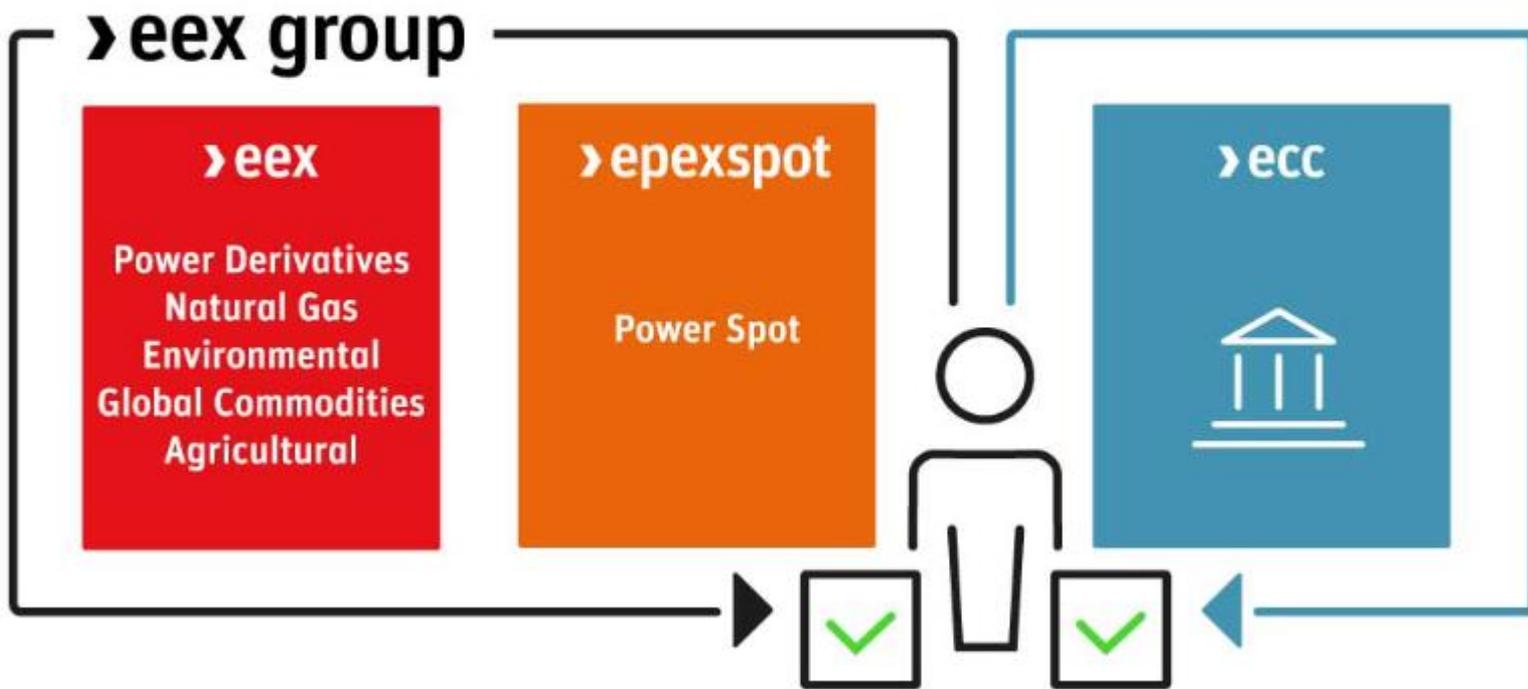
In this role it takes over the counterparty risk for each participant and guarantees delivery and payment of the contract

ECC is the **leading clearing house for spot and derivatives commodity** products in Europe. ECC was founded in 2006 and as part of EEX Group it provides clearing and settlement services for several exchanges.



Admission to exchange trading and clearing

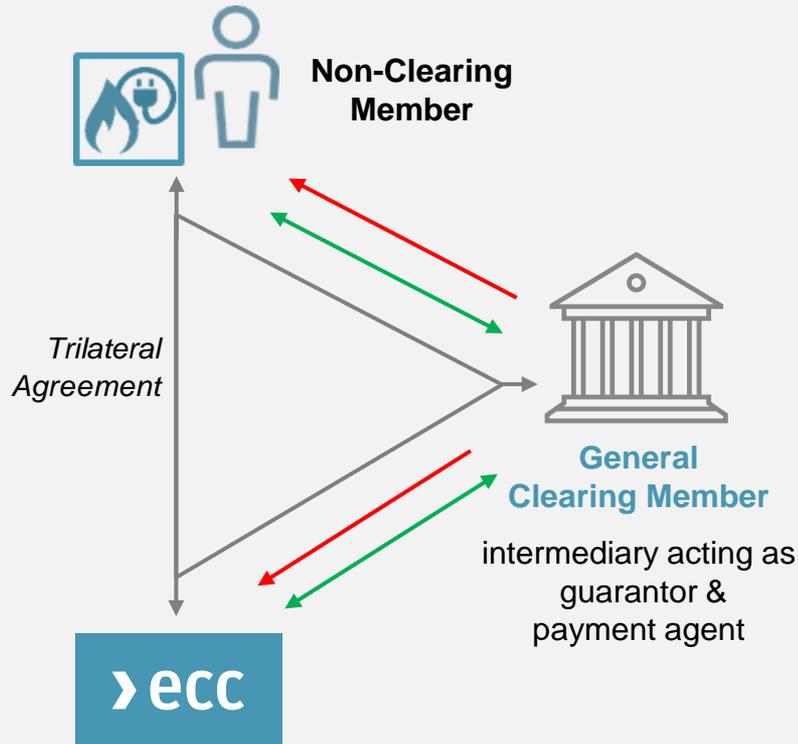
Membership on the relevant exchanges + Admission to clearing



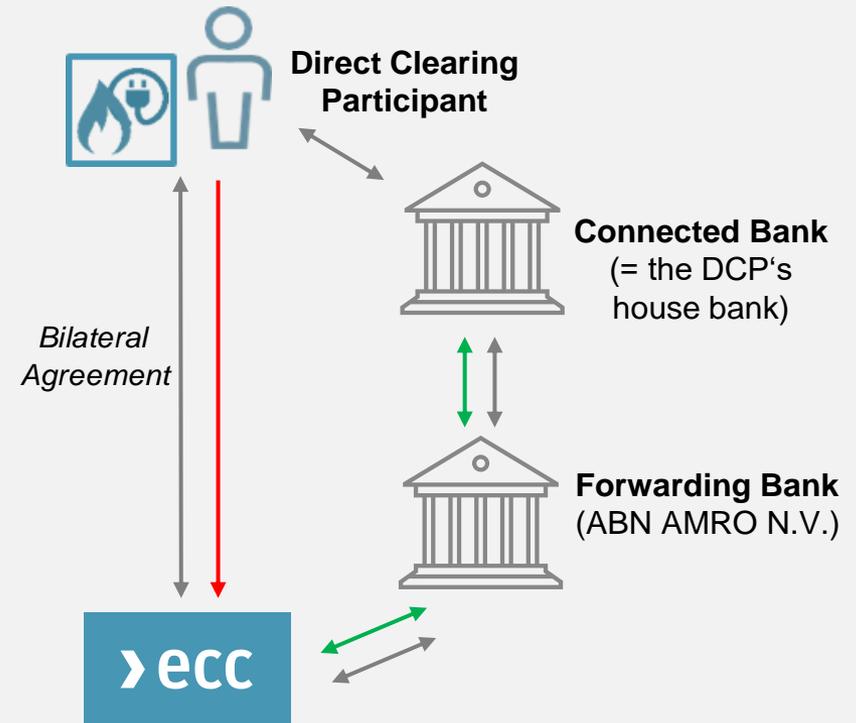
Depending on the markets in which you wish to trade, you have to be admitted to the respective EEX Group exchange or exchanges. In addition to exchange membership, admission to clearing at ECC is also required.

ECC membership options for current GET Baltic customers

Non-Clearing Member (NCM) model for spot and derivatives markets



Direct Clearing Participant (DCP) model* for spot markets only



* DCP launch for natural gas markets is subject to regulatory approval



ECC Membership Models: Non-Clearing Member



Relationship to a General Clearing Member

For participation as Non-Clearing Member (NCM) the trading participant needs to get in a contractual relationship to a **General Clearing Member (GCM)**. The GCM has two important roles:

- **Guarantor:** The GCM is liable towards ECC for all transactions of its NCM concluded on exchange.
- **Payment agent:** The GCM performs payments for concluded transactions of the NCM.

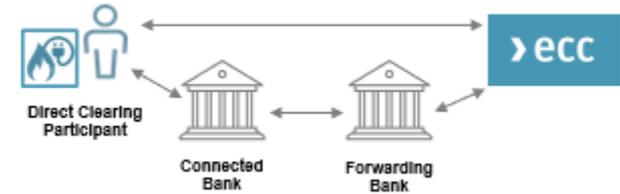
Collateral Requirements

- Based on the trading exposure of the GCM's clients, ECC collects **margins** as collateral from the GCM.
- NCMs that are active on several markets can benefit from **netting effects** on opposing positions e.g. in the natural gas spot and power spot markets.
- Collateral requirements towards the NCM depend on the bilateral agreement between the trading participant and the General Clearing Member.

General Clearing Members*

ABN AMRO Clearing Bank N.V.
 Banca Akros SpA
 Banca Popolare di Sondrio SCPA
 Banco Santander, S.A.
 Bayerische Landesbank
 BNP Paribas S.A.
 BofA Securities Europe SA
 Citigroup Global Market Europe AG
 Citigroup Global Markets Limited
 Goldman Sachs International
 Intesa Sanpaolo
 J.P. Morgan SE
 KELER CCP Ltd.
 Macquarie Bank Europe
 MAREX Financial Limited
 Mizuho Securities USA LLC
 Morgan Stanley Europe SE
 National Bank of Greece SA
 Oesterreichische Kontrollbank AG
 Raiffeisenbank a.s.
 Skandinaviska Enskilda Banken AB
 Société Générale SA
 UBS AG
 UniCredit Bank AG

ECC Membership Models: Direct Clearing Participant*



The Direct Clearing Participant (DCP) Model is a special type of membership at ECC. It allows market participants to participate in the clearing process **without a Clearing Member**.

Collateral Requirements

- The trading exposure of a DCP member is limited through **financial pre-trade limits** in the trading system.
- To be granted a financial pre-trade limit, the **DCP needs to provide collateral** accepted by ECC
- Accepted collateral: **cash** and **bank guarantees (EUR/ GBP)**

Payment Requirements

- Payment for purchases/sales is performed via the ECC Payment Bank ABN AMRO Bank and the bank of the member (Connected Bank).
- The member's bank needs to have a connectivity agreement with ABN AMRO Bank N.V.
ABN is connected to >300 other banks worldwide.
- ECC is currently aligning with ABN on potential Connected Banks in Baltic/Finish market.

DCP approved countries

The DCP model is only available to companies domiciled in a country that is approved for DCP access:

EU**:

Estonia
Finland
Latvia
Lithuania

Non-EU

Switzerland
United Kingdom

Belgium,
Denmark
Finland
France
Germany
Hungary
Ireland
Netherlands
Poland
Slovenia
Sweden

**ECC is constantly expanding the list of DCP-eligible countries within the European Union.

* DCP launch for natural gas markets is subject to regulatory approval

ECC Membership Models: NCM and DCP in comparison

		Non-Clearing Member (NCM)	Direct Clearing Participant (DCP)
General differentiation		The NCM is in a business relationship with a Clearing Member . ECC's risk exposure resulting from an NCM's trading activities is covered through margins (Post-trade risk approach).	A DCP has direct access to ECC without a Clearing Member. ECC's risk exposure resulting from a DCP's trading activities is covered through collateralised pre-trade limits (Pre-trade risk approach).
Markets		All markets – spot & derivatives	Spot only
Bank		Clearing Member (CM) Guarantee & payment function	Connected Bank or ABN AMRO N.V. Payment function only, no guarantee function
Interest payments		Depending on the offering of the CM	No interest payments for cash collateral
Risk Management	Margining	Yes	No
	Limit	Voluntary, set by CM (or NCM)	Mandatory, set by ECC
	Prefunding	No collateralisation towards ECC but potentially towards CM	Collateralisation of pre-trade limit in advance with collateral accepted by ECC
	Collateral	Collected by CM, CM accepted collateral	Deposited by DCP, only ECC-accepted collateral
	Default Fund Contribution	CM obligation	DCP obligation

Open points related to EEX/ ECC access for current GET Baltic clients

- The extension of the DCP model to natural gas markets is currently in **regulatory approval process**.
- The **pricing** for the EEX offering in Baltic/Finish markets (incl. membership fees) will be communicated shortly.
- **Identification of banks** that are willing to offer their services to Baltic/Finish gas trading participants:

Non-Clearing Member (NCM) model

- We are reaching out to all **General Clearing Members** to identify those banks interested in marketing their services to GET Baltic's current clients.
- The list of banks and relevant contacts will be communicated as soon as available.

Direct Clearing Participant (DCP) model

- We are aligning with ABN AMRO, which banks in the Baltic/Finish countries are already connected to ABN AMRO. The **list of Connected Banks** will be communicated shortly.
- It is possible to connect further banks to ABN. The following preconditions apply:
 - The bank must be a T2 participant
 - ABN AMRO and the bank of the DCP must align on a connectivity agreement – it can take up to 6 months to negotiate such agreement and to establish the technical connectivity

General notes for your admission at ECC

- Please, familiarise yourself with the ECC access models. You are welcome to use future webinars to address your questions or contact the GET Baltic Sales team.
- Take your long-term trading strategy into account when making the choice for a particular access option. Please consider, that only the NCM model allows to participate in both derivatives and spot trading.
- Please bear in mind that **the admission process can take up to several months.**

Most time-consuming usually is the search for a suitable Clearing Member (NCM model) or Connected Bank (DCP model).

Our Sales team is happy to support you in your journey to become a member of EEX!

GET Baltic Sales contact:

karolis.bagdonas@getbaltic.com

sales@getbaltic.com

Further information on the ECC access models and admission process

ECC website: <https://www.ecc.de/en/>

Information on ECC access models: <https://www.ecc.de/en/access/access-to-ecc>

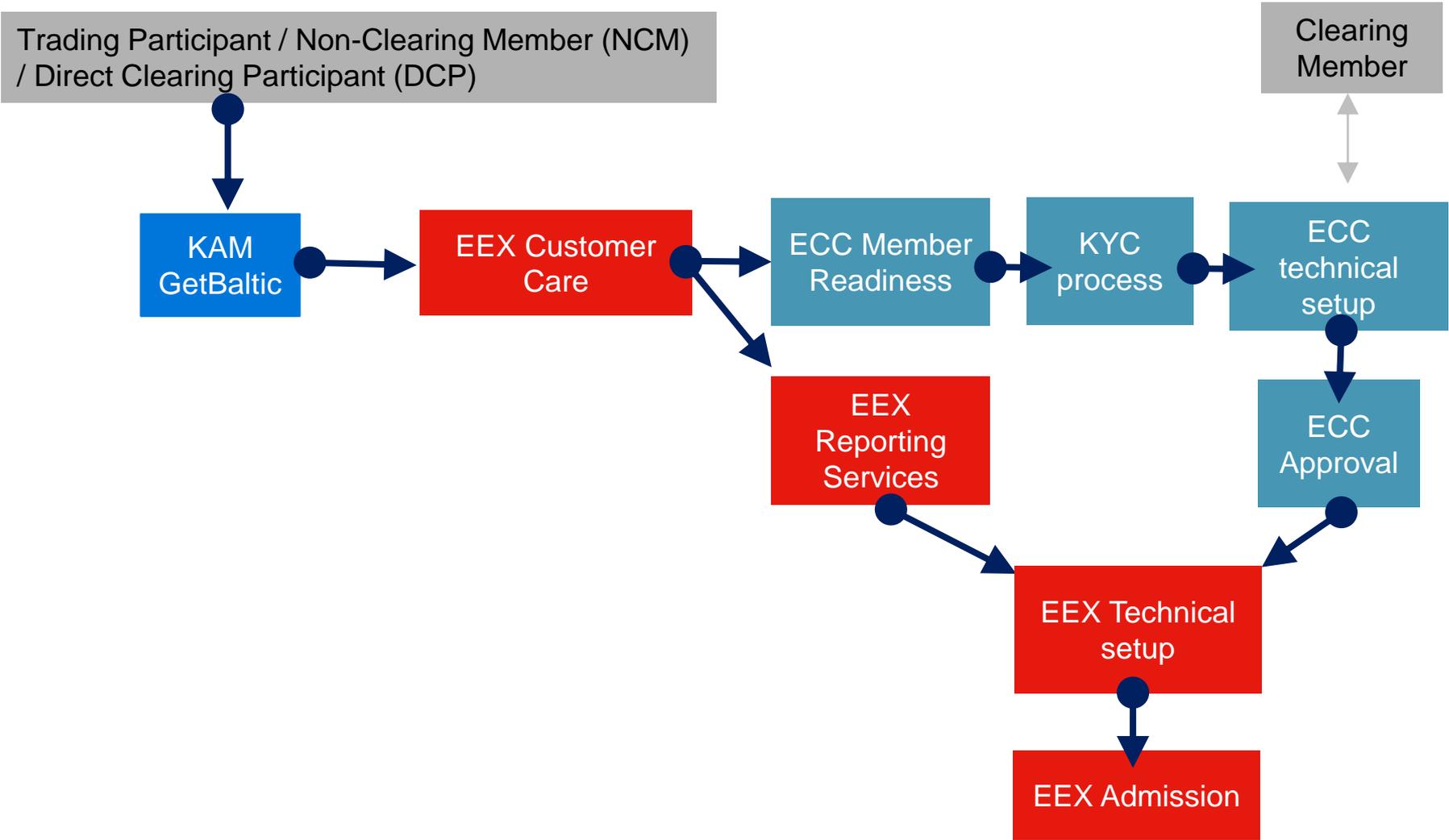
On our website you can also find further information that might help you to decide which access option is more suitable for your individual trading requirements.

Time for your questions



Admission Process for GET Baltic Members

Overview of the admission process



Overview of the admission package

NCM

Common forms

- KYC Common
- KYC Appendix: Gas/Power/Emission
- Supporting documents: Commercial Registry Extract, Financial Statement, Shareholder structure

ECC forms

- Application as Non-Clearing Member
- NCM Agreement: between Clearing Member, Non-Clearing Member and ECC
- VAT Details
- Gas specific forms:
 - **TP_EEX_05a form** - In case a company is a shipper, and they have their own Balance Agreement with the TSO(s).
 - **TP_EEX_05b form** - In case a company will be using a 3rd party's Shipper code (Another company's Balance Agreement with the TSO).
 - **TP_EEX_05c form** - In case a company is not shipper and wish to use the close-out procedure. This option is only possible for **Futures products**.

EEX forms

- Application for Admission as Exchange participant
- Order of technical access
- Trader application – performed via Member Section platform

Reporting forms

- **REMIT Agreement** - if Spot OR Spot + Derivatives
- **MIFID/MIFIR Agreement** - mandatory if Derivatives OR Spot + Derivatives
- **EMIR Agreement** - if Derivatives OR Spot + Derivatives (reporting with us if not already provided by CM)

Overview of the admission package

DCP

EEX forms and Reporting agreements

– the same requirements as for NCMs

KYC and ECC forms

– will be sent at a later stage

Overview of the specific requirements

- Documents are only accepted in **English, French and German.**
- **Commercial Registry Extract** (not older than 3 months on the day of receipt by EEX)
- **Financial Statement and Independent Auditor’s Report** – last financial year, signed (if translated version is not signed, signed version in native language is required)
- **Shareholder structure:** Shareholder Chart including all percentages of ownership up to the ultimate parent level / beneficial owner.
- **Minimum capital:** 50 000€.
- Signature requirements:

Forms	Signature	Document version
KYC and ECC forms	Wet ink signed	Scan
EEX forms and Reporting agreements	Digital signature accepted	Scan

A photograph of four business professionals in a meeting. A man in the foreground is holding a tablet, and others are looking at it. The background is a blurred office setting.

Mapping out future actions for market participants

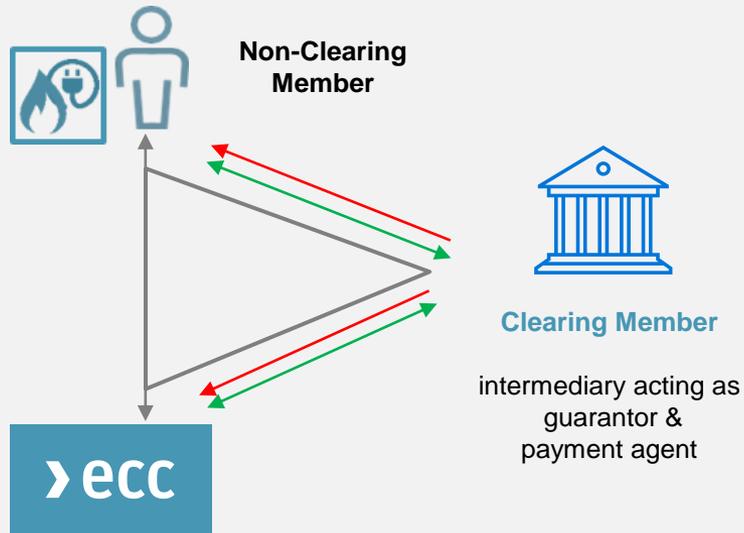
Karolis Bagdonas, Senior Key Account Manager
Vilnius, 19/03/2024

Next steps for Market participants

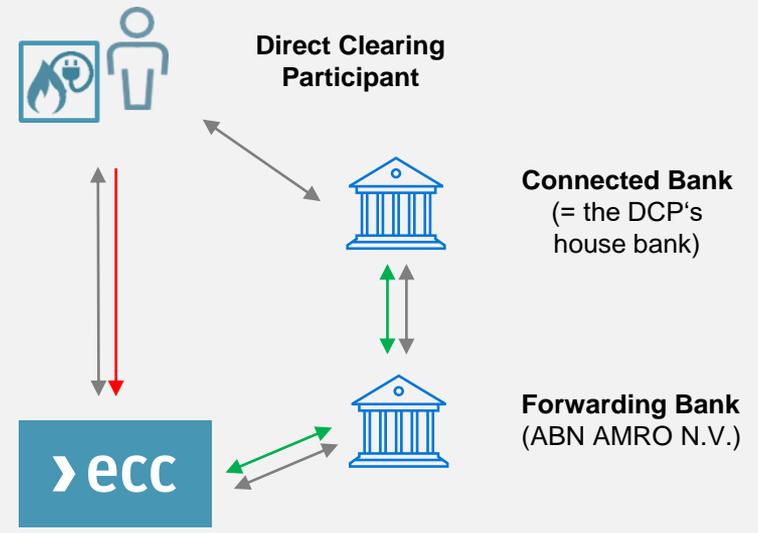
- Find the CM (clearing bank) for admission as Non-Clearing Member (NCM) or Settlements banks for admission as Direct Clearing Participant (DCP)
- GET Baltic provides Admission packages:
 - ✓ for NCM - around end of Q2 2024
 - ✓ for DCP – around end of Q3 2024
- Fill in the Admission package documents:
 - ✓ KYC forms
 - ✓ ECC forms
 - ✓ EEX forms
 - ✓ Reporting forms
- Consultation due to the Admission package with GET Baltic Sales team
- Send the fulfilled documents to EEX Customer care team

Next steps for Admission

Non-Clearing Member (NCM) model for spot and derivatives markets

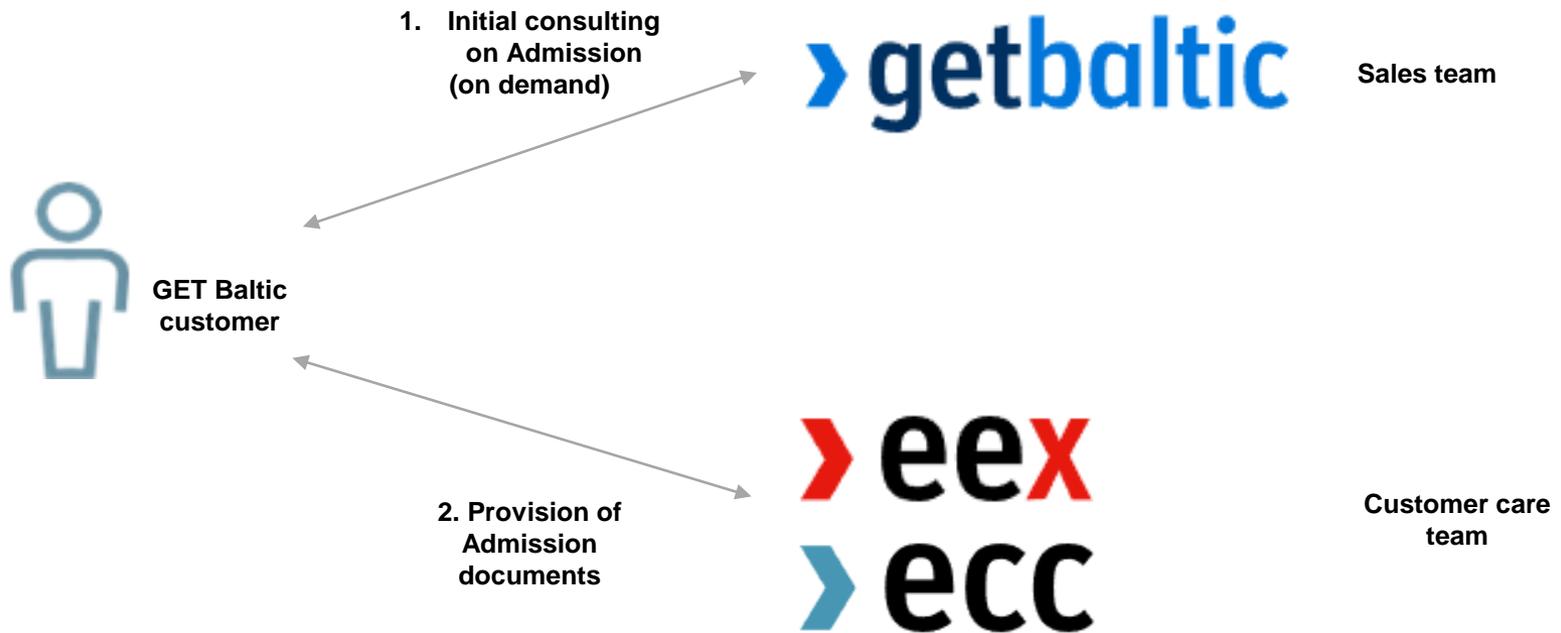


Direct Clearing Participant (DCP) model for spot markets only



- Provision of collateral
- ↔ Payment flow
- ↔ Contractual relationship

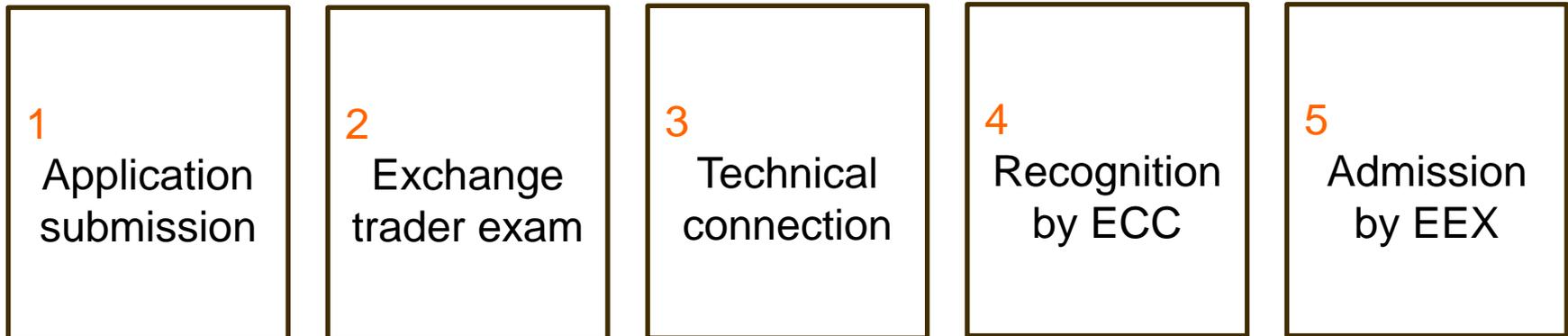
Point of contacts



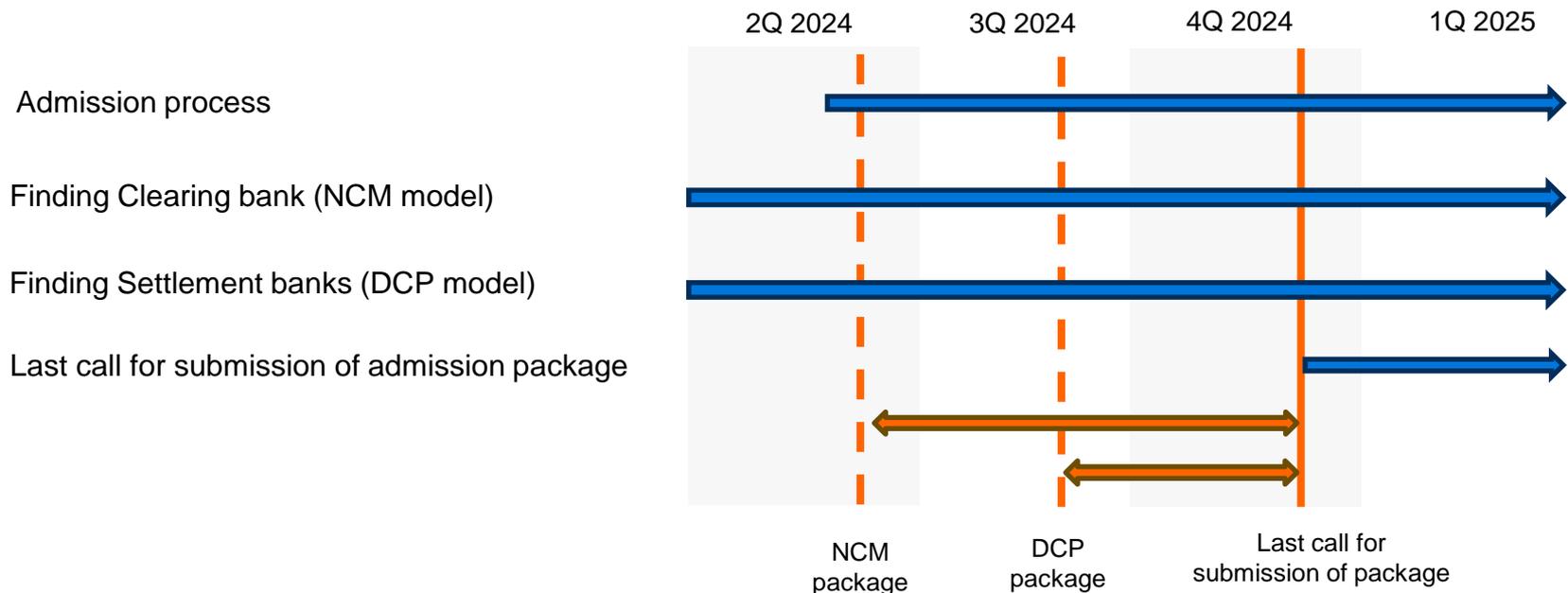
Admission Process

Start time:
2Q 2024

End time:
1Q 2025



Recommendations to be ready for launching date (end of 1Q 2025)



The upcoming webinars

Webinar	Foreseen topics	Date
General Trading and Settlement	Deep dive into General trading, settlements, regulations, etc.	Mid-end April 2024
NCM admission documents	Deep dive into admission documents for NCM	TBD
Trading systems	Spot & Derivatives market trading systems	TBD
DCP admission documents	Deep dive into admission documents for DCP	TBD

The next webinar: Mid-end April, 2024

Thank you