

## Point of Attention regarding SPAN parameter for Electricity Futures Contracts

### ■ SPAN PARAMETER (Applicable period: from September 17, 2019 to September 30, 2019)

	Price Scan Range	Delivery Month (Add-on) Charge	Intra-Commodity Spread Charge
EAST BASELOAD ELECTRICITY	¥100,000	0	¥200,000
WEST BASELOAD ELECTRICITY	¥90,000	0	¥180,000
EAST PEAKLOAD ELECTRICITY	¥50,000	0	¥100,000
WEST PEAKLOAD ELECTRICITY	¥50,000	0	¥100,000

\*In the above SPAN Parameters, the Intra-Commodity Spread charge is doubled the Price Scan Range. If a portfolio consists of 1 unit of short West Baseload Electricity Futures Contract Month of October and 1 unit of long West Baseload Electricity Futures Contract Month of December, the margin required becomes ¥200,000. That means there is no margin offset in this portfolio.

### ■ Notes for Electricity Futures :

#### 1. Intra-Commodity Spread Charge

Since Electricity Futures are prominent in seasonality and are long-lived contract months, there is a tendency for price volatility to be less between contract months compared with existing listed futures contracts. The value (parameter) of Intra-Commodity Spread Charge applied at the start of trading on September 17 is doubled the Price Scan Range. That means even if a portfolio consists of offsetting position, the margin is not offset.

However, after about 3 months from the start of trading, JCCH will determine the possibility of offsetting the risk for the contract months (Intra-Commodity) and set the appropriate value based on the price movement between contracts with TOCOM Electricity Futures.

#### 2. Delivery Month (Add-on) Charge

If JCCH deems it necessary, such as when the price volatility of the current contract month is larger compared to other contract months, JCCH will set add-on charge for current contract month.

(i.e. The Price Scan Range for East Baseload Electricity Futures sets for ¥100,000 and, the Delivery Month (Add-on) Charge for East Baseload Electricity Futures sets for ¥50,000, then total charge for the current month will be ¥150,000.)

#### 3. Inter-Commodity Spread Credit

For Electricity Futures (between Baseload, Peakload, East, and West), the setting of Inter-Commodity Spread Credit won't be set from the start of trading on September 17, 2019, but possibility of offsetting and discount rate for Inter-Commodity Spread Credit will be set based on the trend of the price of TOCOM Electricity Futures after about one month from the start of the trading.

Between Electricity Futures and Crude Oil Futures, if there is an appropriate correlation with the price movement after the start of trading, JCCH will determine the necessity of offsetting and the discount rate after about 3 months from the start of the trading.