

Guidance Note

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Version 1

Key concepts:

Delivery timing and process for the LGC contract

Related information:

FGL Operating Rules

Part 9.6.12

FGL Procedures

9.6.12

Recommended Audience:

Trading Participants, Clearing Entities, clients of these parties and other market stakeholders.

Previous Issues:

Nil

GN 57 – Delivery Process for LGCs

Introduction

The purpose of this Guidance Note is to describe in detail the timing of the delivery steps required to effect physical delivery of LGC Contracts.

All times and dates expressed in Sydney time in the FGL Procedures are binding. Equivalent Chicago times are illustrative and are provided for reference only.

The driving date for this process is the Final Trading Day (FTD) of the expiring contract.

Guidance

Intention to participate in expiry

All Clearing Entities must advise the Exchange and the Clearing House of their intentions to proceed to delivery upon expiry of a contract for LGCs in accordance with the Operating Rules and Procedures published by the Exchange.

This communication must be made in the form of a “Notice of Intention” delivered on each day that both the Exchange and the Clearing House are open for business (a “Business Day”) commencing on the date 3 Business Days prior to the FTD (the “First Notice of Intentions Day”) and ending on the date one Business Day following the FTD (the “Last Notice of Intentions Day”). These days are as published in the FGL Trading Calendar on the FEX Global website.

Each Notice of Intention submitted prior to or on the FTD must be submitted to the Exchange and the Clearing House by 17:00 Sydney time on each relevant day. The final Notice of Intention delivered on the Last Notice of Intentions Day must be submitted by 10:00 Sydney time.

Expiry

At the conclusion of trading on the FTD, which occurs at 16:00 Sydney time (designated as T), all open positions in the expiring contract that did not intend to proceed to delivery must have been closed out.

Assignment

On the first Business Day after the FTD (T+1 and also Last Notice of Intentions Day), Clearing Firms shall submit a Notice of Intention for delivery to the Clearing House by 10:00 Sydney time (19:00 in Chicago). The Clearing House will determine the assignment of all delivery obligations relating to the expiry and will issue firm notifications and invoices to all Clearing Entities nominating their obligations and relevant counterparty details.

Buyer payment

All Clearing Entities with a client buying LGCs must deposit their funds with the Clearing House by 10:00 Sydney time on T+2 Business Days (19:00 in Chicago). Upon receipt of all deposits the Clearing House will notify all Clearing Entities with a client selling LGCs that funding has been received and that clients selling LGCs should now commence the transfer of LGCs within the Australian Clean Energy Regulator (CER) Renewable Energy Certificate (REC) registry (the "Registry") and the issuance of tax invoices to their counterparties. Additionally, Clearing Entities with clients receiving certificates will be advised to start expecting to receive the transfer of certificates in the Registry.

Buyer receipt

All Clearing Entities with a client buying LGCs must notify the Clearing House in a form prescribed by the Clearing House by 10:00 Sydney time on the third Business Day after the Final Trading Day (T+3) (19:00 in Chicago) that transfers and tax invoices have been received.

Seller Payment

Upon receipt of notifications from all buyers that Registry transfers and tax invoices have been received, the Clearing House will release funds to the appropriate Clearing Entities. The Clearing House will begin releasing funds by 10:00 Sydney time on T+3 Business Days (19:00 in Chicago).

Delivery Margin

Delivery margin will be collected by the Clearing House from each Clearing Entity in accordance with the Clearing Rules.

Upon notification to the Clearing House of completion of payment and delivery of LGCs in accordance with the FGL Operating Rules, FGL Procedures and Clearing Rules, the Clearing House will arrange for delivery margin to be returned on the Business Day following notification to the Clearing House.

Event	Date (all dates are expressed as Sydney dates)	Sydney time/time range	Equivalent Chicago time/time range (illustrative only)*
First Notice of Intention sent by Clearing Entities	First Notice of Intentions Day - Third Business Day prior to the FTD.	by 17:00	by 02:00
Last Notice of Intention sent by Clearing Entities	Last Notice of Intentions Day - One Business Day after the FTD.	by 10:00	by 19:00
Final Trading Day and Time	Three Business Days prior to the last Business Day of the contract month	16:00	01:00
Allocation and Assignment and Invoice Generation by Clearing House	Available approximately 30 minutes after time for submission of the final Notices of Intention to the Clearing House.	10:30	19:30
Payments due to Clearing House sent by Clearing Entities	Two Business Days following FTD	by 10:00	by 19:00
Confirmation of funding received and transfer of certificates to proceed sent by Clearing House	Two Business Days following FTD	beginning after 10:00	beginning after 19:00
Confirmation of transfer of certificates and tax invoice received sent by Clearing Entities	Three Business Days following FTD	10:00	19:00
Clearing House releases funds to Clearing Entities	Three Business Days following FTD	by 17:00	by 02:00

Note that illustrative Chicago times may represent a different date to the binding date and time expressed in the FGL Procedures as Sydney time. In the event of any conflict, the Sydney times shall prevail.

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