1 Introduction

1.1 These Dutch Natural Gas Delivery Procedures describe the delivery mechanics in respect of Dutch Natural Gas Contracts as set out in the Commodities Contract Module and shall apply to Clearing Members entering into Dutch Natural Gas Contracts with the Clearing House.

1.2 Delivery is effected by transferring rights to natural gas in the National Gas Transmission System through the process of making Trade Nominations through the Edig@s system operated by GTS, as set out in the GTS Rules, between the accounts of Clearing Members (or their appointed Gas Transferor / Gas Transferee) and the Clearing House.

2 Interpretation

Capitalised terms used within these Dutch Natural Gas Delivery Procedures shall have the meaning as defined in the Rules and the Commodities Contract Module.

3 Operating Times

Dutch Natural Gas Contracts can be accepted for clearing on any Business Day.

4 Licensing and appointment of Gas Transferor / Gas Transferee

4.1 The Clearing House is licensed with GTS with Licence LA as a shipper of natural gas in the Netherlands within the terms of the GTS Rules.

4.2 Each Clearing Member must be licensed as a shipper within the terms of the GTS Rules.

4.3 The Clearing Member shall be responsible for fulfilling the delivery requirements of every Contract that it has entered into. If it is so able, a Clearing Member may directly make the required Trade Nominations in order to fulfil delivery requirements (acting as Gas Transferor/Gas Transferee). Where a Clearing Member chooses not to make Trade Nominations, it must appoint a third party to act as Gas Transferor/Gas Transferee on its behalf. The Clearing Member shall notify the Clearing House of the appointment of each relevant Gas Transferor/Gas Transferee through submission of a completed Gas Transferor/Gas Transferee Notification Form (signed by an authorised signatory of the Clearing Member and the Gas Transferor / Gas Transferee) to the Clearing House. A Clearing Member may appoint a different Gas Transferor/Gas Transferee in respect of any Account or Commodity Notional Sub-Account, provided that only a single Gas Transferor/Gas Transferee may be appointed to effect the submission of Trade Nominations in respect of any single Contract.

4.4 The Clearing Member shall ensure that:

4.4.1 it notifies the Clearing House of third parties acting as Gas Transferee/Gas Transferor relating to any Account or Commodity Notional Sub-Account by submission to the Clearing House of a completed Gas Transferor/Gas Transferee Notification Form to clearingsupport@cmeclearingeurope.com by no later than 18:00 hours (London time) (19.00 hours CET) on the last trading day of the relevant Dutch Natural Gas Contract (as specified in the Commodities Contract Module); and
4.4.2 the Gas Transferee/Gas Transferor acknowledges its appointment no later than 18:00 hours (London time) (19.00 hours CET) on the last trading day of the relevant Dutch Natural Gas Contract (as specified in the Commodities Contract Module) in writing by email to clearingsupport@cme.clearingeurope.com.

4.5 The Clearing Member is responsible for the accuracy of information provided in any Gas Transferor/Gas Transferee Notification Form and for ensuring that the person signing the Gas Transferor/Gas Transferee Notification Form on behalf of the Clearing Member and the Gas Transferor / Gas Transferee is authorised to do so.

4.6 Each Clearing Member shall ensure that any Gas Transferor/Gas Transferee (whether a Clearing Member acting as Gas Transferor / Gas Transferee or any Gas Transferor / Gas Transferee appointed by the Clearing Member (as appropriate)) has the right to make Trade Nominations under the GTS Rules and has access to the Edig@s system. Each Clearing Member shall ensure that the Gas Transferor / Gas Transferee will at all times comply with the terms of any applicable licence or registration it holds, the GTS Rules and any other Applicable Law and that the Gas Transferor / Gas Transferee meets the conditions on electronic messaging and expertise and care set out in clause 3.2.0(b) and 3.2.0(c) of the Transportation Conditions Gas. Each Clearing Member, or any Gas Transferor/Gas Transferee appointed by the Clearing Member, shall obtain and adequately maintain at all times such systems and technology as may be necessary in order to comply with such requirements.

4.7 All payments relating to Dutch Natural Gas Contracts shall be made between the Clearing House and the Clearing Member. For the avoidance of doubt, the Clearing House will not make any payments to Clients or any person appointed as Gas Transferor / Gas Transferee by the Clearing Member. The Clearing Member should make separate arrangements for the payment of cash between itself and its Clients in relation to Dutch Natural Gas Contracts.

4.8 Unless a third party is appointed by a Clearing Member to act as Gas Transferor / Gas Transferee, the Clearing House will deliver natural gas under any Contract to, and will receive the delivery of natural gas from, the Clearing Member. The Clearing House may accept delivery from, and make delivery to, third parties acting in the capacity of Gas Transferee or Gas Transferor (as the case may be, and in each case as agent for the Clearing Member) notified by the Clearing Member to the Clearing House in accordance with these Delivery Procedures.

4.9 For the avoidance of doubt, the Clearing Member shall at all times remain responsible for the satisfactory performance of Dutch Natural Gas Contracts including completion of its delivery, payment and other obligations under the Rules and also the delivery obligations of any Gas Transferor/Gas Transferee appointed by the Clearing Member.

5 Delivery Process

5.1 Delivery under Dutch Natural Gas Contracts is effected by the transfer of rights to natural gas in accordance with the terms of that Contract through the process of making Trade Nominations such that the seller of natural gas makes a Disposing Trade Nomination that corresponds to an Acquiring Trade Nomination made by the Clearing House, and the buyer of natural gas makes an Acquiring Trade Nomination that corresponds to a Disposing Trade Nomination made by the Clearing House. Trade Nominations must be made through the Edig@s system operated by GTS.

5.2 Payment of cash in respect of the delivery of natural gas shall be made in accordance with paragraphs 6.7 to 6.9 below and does not occur concurrently with the delivery of natural gas.
5.3 The detailed delivery timings are set out in paragraph 6 below and are subject to any amendment to the operational arrangements of the GTS Rules. The Clearing House shall notify Clearing Members of any such amendments which may have a material impact on the operation of Dutch Natural Gas Contracts and where such amendments are known to the Clearing House.

5.4 Subject to Paragraph 8 below, offsetting positions for any Account or Commodity Notional Sub-Account are held open until delivery and all open positions are netted during the delivery process. For the avoidance of doubt, offsetting positions in the House Account or in the Non-Segregated Client Account shall not be netted against offsetting positions in any Client Account.

6 Delivery Timings

6.1 The Clearing Member must finalise the account assignment of Contracts and notify the Clearing House no later than 17:00 hours (London time) (18:00 hours CET) on the last trading day of the Contract (as specified in the Commodities Contract Module). The Clearing Member must provide information on the Gas Transferor / Gas Transferee for each relevant account by 18:00 hours (London time) (19:00 hours CET) on the last trading day of the Contract to the Clearing House if not already done so.

6.2 The Clearing House will calculate the net delivery requirements for each account during its overnight system processing operations. The Clearing House shall provide a report to each Clearing Member detailing delivery obligations for each of the relevant Accounts and sub-accounts of that Clearing Member as soon as reasonably practicable after 08:00 hours (London time) (09:00 hours CET) on the day following the last trading day of the relevant Dutch Natural Gas Contract (as specified in the Commodities Contract Module). The report shall describe net flows of cash and natural gas relating to Dutch Natural Gas Contracts of the Clearing Member for each relevant Account and sub-account.

6.3 The Clearing Member shall acknowledge receipt and confirm delivery requirements by 12:00 hours (London time) (13:00 hours CET) on the day following the last trading day of the relevant Dutch Natural Gas Contract (as specified in the Commodities Contract Module). Any perceived inaccuracies in the delivery requirements should be notified to the Clearing House by the Clearing Member by this time. Confirmation of the delivery requirements must be provided by the Clearing Member by email to clearingsupport@cme-clearingeurope.com.

6.4 Where the Clearing House has appointed a Gas Delivery Agent, the gas delivery requirements forming the programme responsibility for the Clearing House under the GTS Rules shall be provided by the Gas Delivery Agent to GTS by no later than 13:00 hours (London time) (14:00 hours CET) on the day following the last trading day of the relevant Dutch Natural Gas Contract (as specified in the Commodities Contract Module).

6.5 The Gas Delivery Agent, on behalf of the Clearing House, shall aim to submit Trade Nominations to the Edig@s System operated by GTS by 18:00 hours (London time) (19:00 hours CET) on the day prior to each Gas Delivery Day in the delivery period.

6.6 The Clearing Member (or its Gas Transferor / Gas Transferee as applicable) must submit the gas delivery requirements forming the programme responsibility for the Clearing Member under the GTS Rules to GTS by no later than 13:00 hours (London time) (14:00 hours CET) on the day following the last trading day of the relevant Dutch Natural Gas Contract (as specified in the Commodities Contract Module).
6.7 The Clearing Member (or its Gas Transferor / Gas Transferee as applicable) must submit Trade Nominations to the Edig@s system operated by GTS by 15:30 hours (London time) (16:30 hours CET) on the day before each Gas Delivery Day in the delivery period. All Trade Nominations in respect of deliveries of natural gas must be matched by no later than 2 hours prior to the start of the Gas Delivery Day.

For cash flows

6.8 A Clearing Member with a net requirement to pay cash to the Clearing House shall pay such cash from its Bank Account to the bank account of the Clearing House by no later than 10:00 hours (London time) (11:00 hours CET) on the second Banking Day following the Gas Delivery Day. Payment to the Clearing House shall occur in accordance with Rule 4.2.6 as part of the RTH Settlement Cycle. A Clearing Member may fulfil its payment obligation at an earlier date.

6.9 For Clearing Members with a net requirement to receive cash from the Clearing House:

6.9.1 the Clearing House shall instruct its bank to pay cash to the Bank Account of the Clearing Member as part of the RTH Settlement Cycle;

6.9.2 where such Clearing Member also has a net requirement to deliver natural gas to the Clearing House, the Clearing House shall instruct its bank to pay cash to the Bank Account of the Clearing Member, provided that the Clearing Member has fulfilled its natural gas delivery requirements; and

6.9.3 payment to the Clearing Member shall occur by no later than 10:00 hours (London time) (11:00 hours CET) on the second Banking Day following the Gas Delivery Day.

6.10 In the case where a Clearing Member with a net requirement to receive cash and a net requirement to deliver natural gas has not fulfilled its natural gas delivery requirements, the Clearing House shall only pay an amount of cash that reflects, as determined by the Clearing House in its absolute discretion, the proportion of the natural gas delivery requirement that has been fulfilled.

For Natural Gas flows

6.11 A Clearing Member with a net requirement to deliver natural gas to the Clearing House shall ensure that Disposing Trade Nominations shall be submitted to the Edig@s system and accepted by GTS in respect of each Gas Delivery Day in the contract delivery period on which a delivery is required to be made (as specified in the relevant Dutch Natural Gas Contract) by 15:30 hours (London time) (16:30 hours CET) on the day before each Gas Delivery Day.

6.12 A Clearing Member with a net requirement to receive natural gas from the Clearing House shall ensure that Acquiring Trade Nominations shall be submitted to the Edig@s system and accepted by GTS in respect of each Gas Delivery Day in the contract delivery period on which a delivery is required to be made (as specified in the relevant Dutch Natural Gas Contract) by 15:30 hours (London time) (16:30 hours CET) on the day before each Gas Delivery Day.

6.13 The Clearing House shall ensure that its Disposing Trade Nominations and Acquiring Trade Nominations shall be submitted to the Edig@s system and accepted by GTS in respect of each Gas Delivery Hour in the contract month (as specified in the relevant Dutch Natural Gas Contract) by no later than 30 minutes prior to the Gas Delivery Hour at the very latest.
6.14 Where delivery instructions and Trade Nominations are complete and matched by GTS and a confirmation is provided by GTS to the relevant parties under the GTS Rules, the relevant deliveries will be deemed complete and may not be reversed.

7 Failure to Deliver

7.1 Where the Clearing Member fails to fulfil its gas delivery requirements under any Dutch Natural Gas Contract for any reason, including but not limited to a failure to ensure the accurate, complete and timely submission of Disposing Trade Nominations or Acquiring Trade Nominations, the Clearing Member shall take all necessary steps to remedy this failure and shall follow any instructions issued by the Clearing House.

7.2 Where the Clearing House suffers an imbalance in any Gas Delivery Hour or Gas Delivery Day within the National Gas Transmission System as a result of:

7.2.1 the failure of a Clearing Member to ensure the accurate, complete and timely submission of Disposing Trade Nominations or Acquiring Trade Nominations in accordance with the GTS Rules; or

7.2.2 any other actions or inactions of any Clearing Member (which shall include the actions or inactions of any Gas Transferor/Gas Transferee appointed by that Clearing Member), the Clearing Member shall make a compensation payment to the Clearing House for the full amount of any balancing charges and any other associated costs imposed on the Clearing House by GTS relating to the failure of that Clearing Member to deliver in accordance with the relevant Dutch Natural Gas Contract and these Delivery Procedures. For the avoidance of doubt, any compensation payment may represent a pro rata amount allocated to the Clearing Member by the Clearing House in respect of an overall charges and costs imposed by GTS on the Clearing House in respect of the imbalance of the Clearing House. This compensation payment shall be payable in accordance with paragraph 7.5 below and shall be made on or before the 14th calendar day of the calendar month following the contract month (as specified in the relevant Dutch Natural Gas Contract), or if such day is not a Banking Day, on the first preceding Banking Day.

7.3 Without prejudice to the rights of the Clearing House under the Rules, the Clearing House reserves the right to take such action as necessary to rectify any imbalance that it may suffer or to avoid the occurrence of an imbalance due to the failure of a Clearing Member to fulfil its gas delivery requirements in relation to any Gas Delivery Hour or Gas Delivery Day, including without limitation:

7.3.1 if the Clearing Member is a Delivery Seller, the Clearing House may acquire rights in natural gas from any person in order to reduce or extinguish any liability it may incur or suffer under the GTS Rules as a result of the Clearing Member’s failure to perform its gas delivery requirements;

7.3.2 if the Clearing Member is a Delivery Buyer, the Clearing House may sell rights in natural gas to any person in order to reduce or extinguish any liability it may incur or suffer under the GTS Rules as a result of the Clearing Member’s failure to perform its gas delivery requirements.

In addition to any compensation payment payable under paragraph 7.2.2 above, the Clearing Member shall be liable for and shall indemnify the Clearing House in respect of any additional costs, express or implied, incurred by the Clearing House in taking any such actions due to the failure of the Clearing Member to fulfil its obligations. For the avoidance of doubt, such costs
may include an administration charge reflecting the Clearing House’s internal expenses in relation to the management or avoidance of a Daily Imbalance arising from the actions or inactions of the Clearing Member or its agent. Such additional costs will be allocated pro rata by the Clearing House between each Clearing Member which failed to fulfil its delivery obligations and which required the Clearing House to take the relevant actions.

7.4 Without prejudice to the rights of the Clearing House under the Rules and under paragraph 7.2 and 7.3 above, the Clearing House may liaise with Clearing Members affected by the delivery failure of another Clearing Member and may take any action at its sole discretion under the Rules and these Dutch Natural Gas Delivery Procedures. In the event of a delivery failure by a Delivery Seller, where the Clearing House is not able to rectify the delivery failure at its sole discretion, the Clearing House may issue a credit note to affected Delivery Buyers for an amount up to the Delivery Value of the failed delivery.

7.5 In the circumstances set out in paragraph 7.2 and 7.3, the Clearing House shall invoice each Clearing Member and require payment in respect of any such fees and charges in accordance with Rule 4.1.2.

8 Early Close-out Prior to Delivery Day

8.1 Where the Clearing Member, or its Client, wishes to enter into a Transaction to close out a Dutch Natural Gas Contract prior to its delivery date, the Clearing Member shall enter into an opposing Transaction at the same transaction price as the original position. Where such a price does not represent a fair market value for the Transaction at the time of the offsetting Transaction, an additional cash payment will arise between the Clearing Member closing out and its trading counterparty to such Transaction.

8.2 To ensure the early close out of a Dutch Natural Gas Contract, the Clearing Member shall make a request to the Clearing House that such Contract is closed out at the time the offsetting Transaction is submitted for clearing and shall provide the following information to the Clearing House:

8.2.1 the Account and sub-account in which the Transactions have been placed (the offsetting Transaction must be in respect of the same Account and sub-account as the original position);

8.2.2 the transaction identifiers for the two offsetting Transactions;

8.2.3 the number of Dutch Natural Gas Contracts to be closed out (subject to the maximum amount, being the lower of the two Transaction volumes); and

8.2.4 the amount and direction of any additional cash payment being made between the counterparties entering into the offsetting Transactions.

8.3 Such information should be provided in writing by email to clearingsupport@cmeclearingeurope.com. Clearing Members should in addition contact the Clearing House by telephone on 020 3379 3100 to confirm instructions.

8.4 Where an additional cash payment is included, such payment shall be made in accordance with Rule 4.2.6.

8.5 If the cash payment is to be included in the Clearing House RTH settlement cycle, the Clearing House shall confirm payment details with the counterparty Clearing Member. The relevant
Dutch Natural Gas Contract will be closed out once the cash payment has been made within the RTH settlement cycle.

8.6 If the cash payment is not to be included in the Clearing House RTH settlement cycle, the Clearing Member shall provide verifiable information to the Clearing House demonstrating that such payment has been made between the counterparties. The relevant Dutch Natural Gas Contract will be closed out once the receipt of cash payment has been verified.