

First contract concluded on the Romanian Commodities Exchange Gas Forward CCP platform

On 1 August 2019, the Romanian Commodity Exchange ("RCE") announced the conclusion of the first transaction on its new trading platform – “Gas Forward CCP”. Gas Forward CCP is available for medium-term contracts (contracts with a week or month duration). The RCE serves as both a central counterparty for the completion of transactions and manager of the trading platform.

Procedurally, Gas Forward CCP works using a double subjective novation procedure, in which the sale-purchase agreement between two market participants turns into two new contracts. In the new contracts, the initial seller and buyer have the same counterparty – the RCE. Thus, the contracts become perfectly fungible and the counterparty risk is eliminated.

Gas Forward CCP has the advantage of simplifying the guarantee process, for both the buyer and seller, and significantly reduces the mandatory bank guarantees. The platform's guarantee system uses three safety margins (initial, variation and delivery) with the RCE being the guarantor of the concluded transactions. To ensure safe operation in this market, the RCE also makes available a guarantee fund currently supplied EUR 1.5 million.

Gas Forward CCP was launched at the end of June, and in July market participants were registered and users were trained on how to use the platform. The RCE predicts a significant increase in participants and transactions on the platform during the third quarter of 2019. RCE plans to introduce long-term contracts (quarter, semester and year) in the fourth quarter of 2019.

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