



COMMERZBANK

Product Group

Commodity Spot

In this information sheet, Commerzbank provides information on the underlying characteristics as well as the opportunities and risks of the Commodity Spot product group.

General characteristics and opportunities

Commodity Spot transactions are contractual agreements between Commerzbank AG and customer for the exchange of a payment stream in return for the delivery of emission rights.

The motivation for using these instruments can vary widely. Because of the obligation to participate in emissions trading, for example, participants must purchase emission rights if their holdings are insufficient to cover their needs. Participants with a surplus may sell emission rights.

Commodity Spot transactions for emission rights (buy)

The buyer of emission rights pays a fixed amount to Commerzbank AG on the settlement date. The fixed amount is calculated by multiplying the fixed price agreed at the transaction date by the agreed purchase quantity of emission rights. In return, the buyer receives emission rights delivered to his registry account by Commerzbank AG on the settlement date of the delivery.

With a spot transaction, the agreed fixed price provides planning security in terms of needed emissions rights. The buyer incurs an immediate cash outflow owing to the obligation to pay the fixed amount to Commerzbank AG.

Commodity Spot transactions for emission rights (sell)

The seller of a Commodity Spot receives a fixed amount from Commerzbank AG on the settlement date. The fixed amount is calculated by multiplying the fixed price agreed at the transaction date by the agreed purchase quantity of emission rights. In return, the seller delivers the emission rights to Commerzbank AG on the settlement date.

With a spot transaction, the agreed fixed price provides planning security for the seller of excess emissions rights. The seller receives an immediate cash inflow owing to the obligation by Commerzbank AG to pay the fixed amount.

Material risks of the product group:

By entering these products, investors benefit from return opportunities but are also exposed to additional material risks. These include the following:

Transfer risk:

Government measures or technical disruptions may result in restrictions impeding or preventing the transfer of emission rights certificates.

Fair value risk:

Political risks and economic trends can be a key driver of emissions rights prices.

Liquidity and trading risk:

In special market situations, it may not be possible to execute a spot transaction at all or at a fair market price.

Further information and costs:

For further details on these aspects and the products, please refer to the relevant product information sheet. For cost details, please refer to the respective cost information sheet.