



SETTLEMENT SYSTEM RULES SETTLEMENT RULES PXE

Version 1

**Effective as of the commencement of activities of the Central
Depository**



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PART 1 - GENERAL PROVISIONS

Article 1

Subject of regulation

1. Centrální depozitář cenných papírů, a.s., having its registered office at Rybná 14, 110 05, Prague 1, Identification No.: 25081489, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, file 4308 (hereinafter referred to as the “central depository”), is the operator of a settlement system in the sense of Section 82 *et seq.* of Act No. 256/2004Coll., on undertaking on capital market (hereinafter referred to as the “act”).
2. This part of the Settlement System Rules (hereinafter referred to as the “rules”) regulates in accordance with generally binding laws, the Statutes of Power Exchange Central Europe, a.s. and the Trading Rules of Power Exchange Central Europe, a.s. (hereinafter referred to as the “trading rules”) settlement of trades concluded on Power Exchange Central Europe, a.s. (hereinafter referred to as the “exchange” or “PXE”). The rules are binding for the central depository and for all clearing and non-clearing participants in settlement (hereinafter referred to as the “settlement system”).
3. Where these rules use terms “settlement or clearing, etc.” in connection with settlement of mutual rights and obligations arising from trades with financial instruments, it regards to the settlement of trades with financial instruments in the sense of the act. If any rules of the central depository or the exchange or other contractual documents refer to the Settlement Rules for Trades Concluded on Prague Energy Exchange, it regards to these rules.

Article 2

Definitions

| | |
|-----------------------------|---|
| Exchange | Power Exchange Central Europe, a.s. |
| Exchange trading day | A business day upon which trading is conducted on the exchange. |
| Exchange trade | Purchase or sale of a product by a person or entity entitled to carry out trades concluded on the exchange during a trading session. |
| Central counterparty | <p>A regular contracting party to all transactions concluded on the exchange.</p> <p>For futures with physical settlement and daily products with physical delivery registered in the Czech Republic, the central counterparty is the company CENTRAL COUNTERPARTY, a.s.</p> <p>For hourly products with physical delivery registered in the Czech Republic, the central counterparty is the company Energy Clearing Counterparty, a.s.</p> <p>For products with physical delivery registered in the Slovak Republic, the central counterparty is the company Central Clearing Counterparty, a.s.</p> <p>For products with physical delivery registered in Hungary, the central</p> |



| | |
|---|---|
| | counterparty is the company Energy Clearing Counterparty, a.s. For futures with financial settlement, the central counterparty is the company CENTRAL COUNTERPARTY, a.s. |
| Clearing participant | A participant in settlement who assumes full responsibility for the unconditional fulfilment of obligations ensuing from the clearing of exchange trades concluded by a trading participant with whom it concluded an agreement on the settlement of exchange trades |
| Settlement schedule | A description of individual settlement phases from the viewpoint of the parties to the settlement, including the operating hours of accepting settlement orders. The settlement schedule is attached hereto as Annex No. 1 and is an integral part of these rules. |
| Daily settlement price | A price established by the exchange's regulation Standardization of Commodity Contracts. |
| Final settlement period | For products with physical settlement, the period of actual physical supply/offtake of electricity arising from trades concluded on the exchange; for products with financial settlement, the maturity period of the relevant contracts arising from trades concluded on the exchange. |
| Final settlement price | A price established by the exchange's regulation Standardization of Commodity Contracts. |
| EUR clearing bank | The bank authorized by the central depository to carry out the settlement of payments in EUR. The EUR clearing bank keeps EUR accounts of the central depository and of the clearing participants for the purpose of settling obligations arising from exchange trades. |
| Non-clearing participant | A trading participant who is not a clearing participant. |
| Product | A standardized contract defined by the exchange's regulation Standardization of Commodity Contracts. |
| Agreement on the settlement of exchange trades | An agreement between a clearing participant and a non-clearing participant on providing settlement of obligations arising from exchange trades. |
| TSO | Market operator or transmission system, with which the registration of physical supply/offtake of electricity arising from concluded exchange trades is performed. The subject of registration of supply/offtake in the Czech Republic is Electricity Market Operator (the "OTE"). The subject of registration of supply/offtake in the Slovak Republic is Slovak Electricity Transmission System (the "SEPS"). The subject of registration of supply/offtake in Hungary is Magyar Villamosenergia-ipari Átviteli Rendszerirányító Zártkörűen Működő Részvénytársaság (dále MAVIR). |
| Trading participant | A person or entity licensed to conclude trades on the exchange market in accordance with legal regulations, these rules, and PXE's exchange rules and regulations. |
| Accounting day | A period of time in which settlement processes are occurring in accordance with the settlement schedule. |
| Settlement of exchange trades | The registration of products on accounts in the central depository's records, the settlement of cash obligations arising for trading participants from exchange trades, registration with TSO, and other directly related activities. |
| Settlement system | A set of all legal and technical means used by the central depository to settle the trades concluded on the exchange. |



Article 3

Price terms for providing services to clearing participants

1. The fees for participating in the settlement system and for all other services provided by the central depository shall be assessed and paid in accordance with Annex No. 2 –“Fee Rules” herein.
2. The central depository is obliged electronically to inform all clearing participants of any change in the fee rules 30 days before the effective date of such change and to publish such change on its website.

Article 4

Price terms for providing services to non-clearing participants

1. The fees for settlement and for all other services provided by the central depository in accordance with these rules to non-clearing participants shall be assessed and paid in accordance with a special exchange regulation.¹

Article 5

Communicating with the central depository

1. Unless specified otherwise in these rules or in a clearing participant agreement, a clearing participant submits its requests and notifications to the central depository by telephone and then through a fax message, using the following numbers:

Telephone: +420 221 832 232

+420 221 832 181

+420 221 832 237

Fax: +420 224 813 353

2. In case that any telephone or fax number changes, the central depository is obliged electronically to inform all clearing participants and to publish such change on its website.

Article 6

Central depository's website

1. The central depository shall publish on its website (www.cdcp.cz), in particular, the following information:
 - a) a list of clearing participants,
 - b) the account number of the clearing fund held at the EUR clearing bank,
 - c) the updated rules and any amendments hereto,
 - d) all other information stated in these rules.

PART 2 - TERMS AND CONDITIONS FOR PARTICIPATING IN THE SETTLEMENT SYSTEM

¹ Fee Rules and Fee Schedule of Power Exchange Central Europe, a.s.



CHAPTER I CLEARING PARTICIPANT

Article 7

Agreement on participation in the settlement system

1. A clearing participant's participation in the settlement system is based upon an Agreement on Participation in the Settlement System of Exchange Trades Concluded on Power Exchange Central Europe, a.s. or an Agreement on Participation in the Settlement System of Trades Concluded on the Prague Energy Exchange (hereinafter just "clearing participant agreement"), which must be in written form and concluded in accordance with generally binding laws and these rules.
2. A person applying to conclude a clearing participant agreement (the "applicant") must fulfil the following conditions:
 - a) be a bank with its registered office in the European Union or a branch of a foreign bank with its registered office outside the European Union in accordance with the relevant provisions of Act No. 21/1992 Coll., on Banks, as amended,
 - b) be technically connected to the communication environment of the exchange in accordance with a special regulation,²
 - c) have an account opened with the EUR clearing bank,
 - d) establish for the central depository the right to transact with the applicant's account which will entitle the central depository to debit the respective account of the clearing participant maintained by the EUR clearing bank.
3. A draft of the clearing participant agreement is available on the central depository's website.
4. The applicant shall present to the central depository the draft clearing participant agreement together with the following annexes:
 - a) a valid banking licence,
 - b) an extract from the Commercial Register containing current data regarding the applicant and copies of filings to register any changes in the Commercial Register which were not registered in the Commercial Register as of the filing date of the application; the extract from the Commercial Register may not be older than three months before submission of the application to conclude a clearing participant agreement.
5. If the legal character of the applicant does not permit submitting some of the annexes set forth in the preceding paragraph, the applicant shall notify the central depository thereof.
6. The central depository is entitled to request from the applicant such further information and documents as it deems necessary for concluding a clearing participant agreement, or it may ask for additional information and documents at any later time during the entire duration of the clearing participant agreement.
7. All of the aforementioned documents must comply with law during the entire duration of the clearing participant agreement.
8. There shall be no legal entitlement to conclude a clearing participant agreement.

Article 8

Clearing participant registration

1. Promptly upon concluding a clearing participant agreement, the central depository shall allocate to each clearing participant a clearing participant's registration number ("CMI"), which the clearing participant shall state in every case of using services provided by the central depository in relation to settling trades.

² Exchange Regulation – Communication Connection of PXE participants to AOS



Article 9

Assigning participation in the settlement system

1. Assignment of participation in the settlement system shall not be permitted unless established otherwise by a special agreement between a clearing participant and the central depository.

Article 10

Terminating participation in the settlement system

1. Participation in the settlement system shall terminate upon termination of the clearing participant agreement in accordance with paragraph 3 of this article, but no later than on the date of settling all accounts receivable and payable between the central depository and the clearing participant whose clearing participant agreement is being terminated in relation to settling payments arising from exchange trades of trading participants, clients of the terminating clearing participant, and of all other payments relating to the participation of the terminating clearing participant in the settlement system.
2. The clearing participant agreement may be terminated upon:
 - a) the request of the clearing participant (i.e., by means of a termination notice from the clearing participant),
 - b) a decision of the central depository's board of directors, or
 - c) loss of the eligibility to be a clearing participant.
3. The clearing participant agreement shall be terminated on the day set forth in the request referred to in paragraph 2 a) above but no earlier than 6 months after the service of the clearing participant's request for termination of its participation in the settlement system, or as of the date stated in the decision of the board of directors with regard to terminating the participation in the settlement system pursuant to paragraph 2 b) above, or as of the date stated in the decision on termination of the participation in the case of loss of the clearing participant's eligibility to be a clearing participant in accordance with paragraph 2 c) above. The central depository shall publish a notice of termination of the clearing participant's participation in the settlement system on its website.
4. The central depository's board of directors shall be entitled to decide on the termination of participation in the settlement system pursuant to paragraph 2 b) above if the clearing participant breaches its duties arising under the clearing participant agreement or from these rules so seriously that such breach causes damage to, or jeopardises, the activities of the central depository, the exchange, the central counterparty, another clearing participant or any non-clearing participant.
5. A clearing participant whose clearing participant agreement terminates for any reason shall immediately notify such fact in writing to all non-clearing participants with which it has concluded agreements on the settlement of exchange trades, terminate those contractual relations with them, and invite them to conclude agreements on the settlement of exchange trades with other clearing participants.
6. Termination of a clearing participant agreement shall not affect any rights and obligations arising therein.

Article 11

Rights and obligations of a clearing participant

1. A clearing participant is entitled to use the central depository's services to the extent and under the terms set forth in the clearing participant agreement and in these rules and for the price set forth in the fee rules, unless established otherwise in these rules or the clearing participant agreement.
2. A clearing participant is entitled to establish the extent of its requirements relating to settlement of exchange trades applicable to a non-clearing participant with whom it has concluded an agreement on the settlement of exchange trades.



3. The clearing participant is entitled to request that the central depository provide its assistance in settling trades and for the provision of others of the central depository's services to the extent set forth by the clearing participant agreement or by these rules.
4. The clearing participant shall be fully liable for unconditionally fulfilling the obligations ensuing from the settlement of exchange trades concluded by a non-clearing participant with which it has a valid agreement on the settlement of exchange trades at the time of concluding such trades.
5. The clearing participant is entitled immediately to bar a trading participant from placing orders and to request, through a request filed with the central depository, that the exchange will close all open positions of such trading participant, if such trading participant with whom the clearing participant has concluded an agreement on the settlement of exchange trades fails to fulfil the obligations stipulated by such agreement or by these settlement rules. Upon receiving such request, the central depository will immediately submit the clearing participant's request to the exchange and ensure that the exchange suspends the trading participant's transactions and begins closing its open positions by announcing substitute trades in accordance with Article 29.
6. The clearing participant must meet all technical prerequisites in accordance with a special exchange regulation.³
7. The clearing participant must participate in the clearing fund.
8. The clearing participant shall notify the central depository of all non-clearing participants with which it has concluded or terminated an agreement on the settlement of exchange trades. The clearing participant shall promptly notify the central depository of any such fact at first by sending a fax or e-mail. Such notice shall be confirmed by subsequent delivery of its original by mail or in person.
9. The clearing participant shall notify the central depository of any change in any data contained in the clearing participant agreement and of other facts that may affect the performance of its activities, including, in particular:
 - a) initiation of proceedings on withdrawing a banking licence;
 - b) initiation of bankruptcy proceedings, appointment of a receiver, or withdrawal of its banking licence;
 - c) declaration of the clearing participant's bankruptcy, approval of reorganization, or dismissal of a petition for bankruptcy relating to the clearing participant due to insufficient assets.
10. The data that are subject to the notification duty under paragraph 9 of this article shall be sent by the clearing participant by fax or e-mail no later than 2 hours after such time as it learns of them. Each such fax or electronic notice must be confirmed by subsequent delivery thereof by mail or in person, together with a copy of the document on the basis of which the fact relating to the notification duty referred to in paragraph 8 has arisen.
11. During the entire period of its participation in the settlement system, the clearing participant must meet all the conditions set forth for its participation in the settlement system.
12. The clearing participant has additional rights and obligations as set forth in the rules.

Article 12

Central depository's disciplinary measures against clearing participants

1. If the clearing participant breaches its obligations stipulated in the clearing participant agreement or in these rules, the central depository is entitled to impose one or more of the following disciplinary measures with regard to the clearing participant:
 - a) a written reprimand,
 - b) a penalty fee in an amount set forth in the fee rules,
 - c) publication of the fact that the clearing participant has breached these rules, and

³ Exchange Regulation – Communication Connection of PXE participants to AOS



- d) cancellation of the participation in the settlement system.
2. A proceeding for imposing any such measure may be commenced within six months after the date when the central depository's board of directors learns about facts decisive for imposing such measures, but no later than within 2 years after their occurrence.
3. Unless established otherwise below, the imposition of a measure, including its effective date, shall be decided by the central depository's board of directors.
4. A measure under paragraph 1(a) through 1(c), including the determination of its effective date, may also be imposed in urgent cases by the central depository's CEO, who shall immediately notify the central depository's board of directors of imposing of such measure.
5. The measure referred to in paragraph 1(d) above may be imposed only in case of breach of the obligation specified in Article 10, para. 4 hereof.
6. Proceedings for imposing the above measures are non-public.
7. The central depository is entitled to request from the clearing participant clarification of all circumstances that are relevant to the subject matter of the proceedings initiated with regard to imposing the relevant measure.
8. For the purposes of proceedings for imposing a disciplinary measure, the central depository is entitled to require the clearing participant to submit information, documents or other materials that can contribute to ascertaining the true facts of the case. The clearing participant is entitled to express its view with regard to all materials and circumstances relevant to the subject matter of the proceedings.
9. The decision to impose a measure shall be delivered to the clearing participant's registered office and shall include the justification for the decision. Such decision for imposing the measure may also include the publishing of that decision on the central depository's website.
10. There shall be no right to appeal against a decision imposing such a measure. The clearing participant's right to petition a court for rescission of the central depository's decision remains unaffected.

CHAPTER II

NON-CLEARING PARTICIPANT

Article 13

Participation of a non-clearing participant in the settlement system

1. A non-clearing participant is entitled to enter the settlement system solely through a clearing participant with the exclusion of the unsecured settlement regime under Article 15.

Article 14

Rights and obligations of a non-clearing participant

1. A non-clearing participant is entitled to select or change the clearing participant.
2. A non-clearing participant shall be entitled to receive such information from the settlement system that concerns the exchange trades it has concluded and the related cash transfers. This information shall be provided to it via the communication connection of the exchange.
3. A non-clearing participant shall be obliged to have an agreement on the settlement of exchange trades with a clearing participant.

Article 15

Unsecured settlement regime

1. A non-clearing participant enters the unsecured settlement regime upon termination of the agreement on the settlement of exchange trades as a consequence of termination of the clearing



participant agreement for reasons given in Article 10, paragraph 2 b) and c). The central depository shall promptly notify the General Secretary of the exchange of the entry of a non-clearing participant into the unsecured settlement regime.

2. The maximum duration of uninterrupted unsecured settlement regime shall be 15 calendar days. The unsecured settlement regime shall terminate by:
 - a) execution of a new agreement on the settlement of exchange trades, or
 - b) closing of all of the non-clearing participant's positions in accordance with Article 31, or
 - c) expiration of 15 calendar days.
3. If no new agreement on the settlement of exchange trades has been concluded within the aforementioned time limit, the central depository shall close all positions of such non-clearing participant after the expiration of the last day of such time period.
4. If, during the unsecured settlement regime, the non-clearing participant does not have margin deposits corresponding to its future liabilities and risks, the CEO of the central depository is authorized, either on the CEO's own decision or at the request of the exchange, to terminate the unsecured settlement regime of this non-clearing participant even before the expiration of the period of 15 calendar days.
5. In accordance with the trading rules, the non-clearing participant's activities as a trading participant are suspended under the unsecured settlement regime. A non-clearing participant is entitled to ask the central depository at any time to close its positions. The exchange shall immediately notify the central depository of such situation.
6. Settlement in the unsecured settlement regime shall be effected by crediting or debiting the non-clearing participant's margin deposits. The non-clearing participant is entitled to increase its margin deposits in the unsecured settlement regime in coordination with the central depository.
7. Coefficients L1 and L2 referred to in Article 33 relating to a non-clearing participant in the unsecured settlement regime shall be set at one half of their regular amount.

Article 16

Central counterparty

1. The central counterparty is a licensed electricity trader.
2. In the settlement system, the central counterparty is a counterparty to every concluded exchange trade.
3. The central counterparty shall not make use of a clearing participant for settlement and is not subject to regulations governing the security of its liabilities applicable to other trading participants.
4. The central counterparty shall always be one of the parties in the registration of a supply/offtake with TSO.
5. The central counterparty is a VAT payer and a holder of permission to acquire electricity without electricity tax.
6. The central counterparty is entitled in its own name to arrange substitute trades in accordance with Article 30 hereof.

PART 3 - CLEARING FUND

Article 17

Purpose and administration of the clearing fund

1. The clearing fund is established to secure obligations and cover risks arising from the settlement of exchange trades.
2. The clearing fund consists of pooled funds of individual clearing participants.



3. Participation in the clearing fund ensues from the execution of a clearing participant agreement.
4. The pooled funds constituting the clearing fund and their use in fulfilling the purpose of the clearing fund are administered by the central depository in accordance with these rules and the clearing participant agreement. The central depository transfers monthly to each clearing participant interest on the funds that the participant has deposited in the clearing fund that is in proportion to the amount of all funds deposited by all clearing participants.
5. The funds comprising the clearing fund are pooled on a bank account established by the central depository for these purposes and kept with the EUR clearing bank (hereinafter just the “clearing account”).

Article 18

Purpose of funds in the clearing fund

1. The funds deposited in the clearing fund are designated for fulfilling the obligations of a clearing participant who is in danger of delay in settling exchange trades.

Article 19

Deposit into the clearing fund

1. To fulfil the purpose of the clearing fund, the clearing participant is obliged to pay into the clearing account:
 - a) an initial deposit and
 - b) a supplementary deposit upon the central depository’s request.
2. The initial deposit of every clearing participant is established at EUR 350,000. The clearing participant shall pay the initial deposit into the relevant the central depository account at the EUR clearing bank no later than one day prior to the day upon which the clearing participant will start to act as a clearing participant for any non-clearing participant.
3. If a clearing participant is in default with fulfilling its cash liabilities arising from settlement, the CEO of the central depository is entitled to increase the required initial deposit of such clearing participant, for a period no longer than two months, to double the amount of the initial deposit.
4. If any funds deposited in the clearing fund have been drawn, the central depository is entitled to call upon the clearing participants to make supplementary deposits in a specified amount that shall be the same for all clearing participants. Every clearing participant shall be obliged to make such requested deposit no later than on the accounting day following the central depository’s request.
5. The maximum amount of the supplementary deposit of every clearing participant shall be EUR 650,000.
6. The total amount of deposits into the clearing fund under paragraph 1 above made by each clearing participant may not exceed EUR 1 million.

PART 4 - KEEPING RECORDS OF PRODUCTS

Article 20

Records

1. The central depository shall establish for trading participants accounts for registering products accepted into the central depository’s registers for settlement purposes (hereinafter just the “records”).

Article 21

Accounts



1. The central depository shall establish at least one account for every trading participant which contains:
 - a) the trading participant's code,
 - b) the account number,
 - c) the account holder's identifier,
 - d) the product name,
 - e) the product quantity.
2. The account holder's identifier means the identification number of a legal entity.

Article 22

Method of keeping records

1. The central depository shall keep the records in data files within its computer system.

PART 5 - SETTLEMENT OF EXCHANGE TRADES

Article 23

Settlement of exchange trades

1. The settlement of exchange trades includes the settlement of commodity futures and spot trades.
2. For the purposes of these rules, a futures trade means a trade in a futures contract with physical settlement of electricity or with a futures contract having financial settlement ("power futures"). For the purposes of these rules a trade for spot delivery, the subject of which is electricity, means a trade concluded on the spot market with a physical delivery of electricity ("spot contract").
3. Physical settlement of power futures contracts means registration of these futures on accounts kept by the central depository, the daily settlement of price changes, and the final settlement during physical settlement, including registration with TSO.
4. Financial settlement of power futures contracts means registration of these futures on accounts kept by the central depository, the daily settlement of price changes, and the final settlement during these futures' maturity period.
5. The settlement of spot contracts means registration of these contracts on accounts kept by the central depository, the monetary settlement of contracts concluded on the spot market at the price of the concluded trade, and their registration with TSO.

Article 24

Party to trade settlement

1. Only clearing participants are parties to the settlement of trades in power futures and spot contracts. Non-clearing participants become parties to settlement by entering into the unsecured settlement regime under Article 15.

Article 25

Registration of concluded trades

1. After the close of every exchange trading day, the central depository shall take over from the exchange for settlement purposes an electronic file of orders to settle all trades concluded during the relevant exchange trading day.
2. Based on such delivered file, all concluded trades are settled and registered on individual accounts opened for trading participants and kept in the central depository's register.



Article 26

Settlement schedule for trades

1. Settlement shall be carried out in accordance with the settlement schedule that is attached hereto as Annex No. 1 to these rules.

Article 27

Cash transfers

1. The central depository shall issue orders to debit or credit clearing participants' accounts kept in the EUR clearing bank for the following purposes:
 - a) disbursement of guarantees,
 - b) payment of liabilities, and
 - c) payment of fees.
2. Following the close of trading, the central depository shall calculate with respect to every trading participant:
 - a) the amount of margin deposits for power futures contracts,
 - b) the daily settlement of price changes relating to each power futures contract concluded in the relevant exchange trading day and for the open position in the relevant power futures series at the beginning of the exchange trading day carried on the trading participants' accounts,
 - c) the final settlement of power futures during the final settlement period,
 - d) the settlement of spot contracts concluded on the specific trading day,
 - e) the total sum of trading and settlement fees payable pursuant to the fee rules of the exchange and the central depository.
3. The central depository shall provide information as to the cash positions, itemized in accordance with paragraph 2 of this article, to the trading participants and the clearing participants, who are informed about cash positions for all trading participants with whom they have concluded an agreement on the settlement of exchange trades.
4. Orders to debit or credit the clearing participants' accounts in the EUR clearing bank shall be effected by the central depository by means of a single payment order in an amount equal to the total net cash position for each clearing participant.

Article 28

Registering with OTE

1. Registration with OTE is performed by the exchange on the basis of information provided by the central depository with respect to positions of individual trading participants concerning the relevant power futures series with physical settlement and on the basis of concluded spot contracts, provided those spot contracts have not yet been automatically registered. Thereafter, the exchange shall notify the central depository of the registration with OTE.
2. The central depository shall hand over to the exchange every accounting day instructions to registrations with OTE for the next accounting day and all calendar days prior to such accounting day.
3. In case of OTE's refusal of registration due to the trading participant's default, such defaulting trading participant shall cover all costs arising from the non-registration of its position with OTE. Such costs include, in particular, those costs arising from concluding a substitute trade in accordance with Article 30 or, in the case of failure to conclude the substitute trade, any losses from settlement of deviations carried out by OTE that arise to the central counterparty due to non-registration with OTE. Non-registration where the defaulting trading participant has the right to purchase the Product shall be without prejudice to the obligation of such trading participant to pay the final settlement price corresponding to the volume of the delivery.



4. In the case of non-registration for reasons other than those set forth in the previous paragraph, all such costs incurred in connection with such non-registration of the delivery shall be borne by the entity that has caused such non-registration.

Article 29

Registering with SEPS and MAVIR

1. Registration with SEPS/MAVIR is performed by the central counterparty and the trading participant (or by him designated subject to settlement with SEPS/MAVIR⁴) on the basis of information provided by the central depository with respect to positions of individual trading participants concerning the relevant power futures series with physical settlement and on the basis of concluded spot contracts.
2. In case of SEPS/MAVIR's refusal of registration due to the trading participant's default (or default of by him designated subject to settlement with SEPS/MAVIR⁵), such defaulting trading participant shall cover all costs arising from the non-registration of its position with SEPS/MAVIR. Such costs include, in particular, those costs arising from losses from settlement of deviations that arise to the central counterparty. Non-registration where the defaulting trading participant has the right to purchase the Product shall be without prejudice to the obligation of such trading participant to pay the final settlement price corresponding to the volume of the delivery.
3. In the case of non-registration for reasons other than those set forth in the previous paragraph, all such costs incurred in connection with such non-registration of the delivery shall be borne by the entity that has caused such non-registration.

Article 30

Substitute trade

1. A substitute trade shall always be initiated by the central depository if
 - a) the clearing participant instructs the central depository to close all or a certain number of a trading participant's positions, or
 - b) the trading participant enters the unsecured settlement regime and this regime is subsequently terminated by some means other than concluding a new agreement on the settlement of exchange trades.

A substitute trade may be initiated by the central depository in the event of a refusal to register an execution or to register the trading participant's daily diagram with TSO for the purpose of preventing a deviation of the central counterparty at TSO.

The trading participant in the situation described in this paragraph is also designated as a defaulting participant.

2. The subject of a substitute trade shall consist of:
 - a) for a substitute trade under para. 1 a) of this article, the volume of a position stipulated by the clearing participant who submitted the instruction for concluding the defaulting trading participant's positions,
 - b) for a substitute trade under para. 1 b) of this article, all positions of a defaulting trading participant, or
 - c) in the event of a refusal on registration with TSO, the volume of the defaulting trading participant's position that has been refused registration with TSO.
3. For a substitute trade under para. 1 a) and b), the exchange, acting on the basis of the central depository's instruction, shall invite all trading participants to make a price bid or offer for a substitute purchase or sale of the relevant position of the defaulting trading participant, while market makers shall be obliged to submit such a bid or offer. If two or more trading participants

⁴ The Agreement on the Authorization to Trade on Power Exchange Central Europe, a.s.

⁵ The Agreement on the Authorization to Trade on Power Exchange Central Europe, a.s.



place an identical bid or offer for the substitute trade, the central depository shall give priority to the earlier bid or offer.

4. Trading participants shall submit their bids or offers in the form of addressed instructions, for which the counterparty is the central counterparty.
5. The central depository shall select the bid or offer that is the most favourable for the defaulting participant in terms of price and open position and shall then invite the defaulting participant to submit an addressed instruction corresponding to the selected bid or offer, for which the counterparty is the central counterparty. The substitute trade between the selected trading participant and the defaulting participant is concluded when the exchange confirms the instruction sent by the selected trading participant as well as the instruction against the defaulting participant.
6. A substitute trade also can be concluded in the form of several separate trades with multiple trading participants such that the total volume corresponds to the required position and the condition of expediency for the defaulting participant is met.
7. The central depository may refuse a price bid or offer for the substitute trade.
8. The central depository shall notify the trading participants through the exchange as to whether it was possible to conclude the substitute trade by accepting one of their bids or offers.
9. The defaulting trading participant is obliged to submit an instruction corresponding to the selected offer pursuant to para. 5 of this article and to conclude the substitute trade with the central counterparty no later than 15 minutes from receiving the exchange's invitation to do so. If the defaulting trading participant fails to do so, the exchange can conclude the substitute trade with the central counterparty on behalf of the defaulting participant without its participation.
10. For a substitute trade initiated in the event of a refusal on registration with TSO, the exchange, acting on the basis of the central depository's instruction, shall invite all trading participants to send a bid or offer for a substitute purchase or sale of the relevant position of the defaulting participant by fax before the indicated deadline. In selecting a bid or offer, the central depository shall proceed in the same way as described in para. 5 above. The substitute trade is concluded when the central counterparty confirms, first by telephone and then by fax, the bid or offer sent by the selected trading participant. The exchange shall ensure thereafter a new registration of execution or registration of a daily diagram with TSO. The defaulting participant is obliged to consent to the conclusion of such substitute trade.
11. If time restrictions or conditions on the exchange do not allow for the conclusion of a substitute trade in the exchange's trading system or if the central depository does not accept the bid or offer pursuant to paragraph 7, then the exchange can secure in cooperation with the defaulting participant a substitute purchase or sale resulting in the closure of the defaulting trading participant's relevant position outside the exchange's trading system.
12. The profit, loss and costs arising from the substitute trade, or the entirety of costs incurred due to non-registering of delivery at TSO if a substitute trade was not concluded, are debited to the defaulting trading participant.

Article 31

Closing of positions

1. The relevant positions of a trading participant which are subject to closing are closed by executing a substitute trade pursuant to Article 30.
2. Gains or losses from closing of positions shall be settled against the margin deposits of the defaulting participant or, as the case may be, against the clearing fund.

Article 32

State of emergency



1. A state of emergency means a reduction or interruption of energy supplies throughout the territory of the relevant state or its part as a result of, and by means stipulated in, relevant laws.⁶
2. A right to compensation for damages and forgone profit is precluded in case of declaration of a state of emergency, or when steps are taken to prevent such a state or emergency or to resolve its consequences.
3. In a state of emergency, it is acted on the rules of relevant TSO. In case that according to these rules the subjects' to settlement agreed quantities of power supply to the electrical power system and agreed quantities of power to be taken from the electrical power system are equal to zero, final settlement of power futures and spot contracts may not be carried out for a period in which there is a state of emergency. If the final settlement has already been done, the effected payments are settled retroactively for the duration of the state of emergency.

PART 6 - SETTLEMENT OF POWER FUTURES

Article 33

Providing and transacting with margin deposits

1. Every clearing participant shall provide security ("margin deposits") for the fulfilment of its obligations arising from power futures trades concluded by itself or by a non-clearing participant with which the clearing participant has concluded an agreement on the settlement of exchange trades.
2. Margin deposits do not serve as margins on the trading participant's future trades. The transfer of a margin deposit to the margin account by a clearing participant serves to secure the obligations of the relevant trading participant. Margin deposits provided by a clearing participant for a trading participant secure only the obligations of this particular trading participant.
3. The exchange shall set a specific minimum margin deposit for a trading participant who is not a market maker and a specific minimum margin deposit for a trading participant who is a market maker. These amounts shall be published in the exchange journal and on the exchange's websites. A minimum margin deposit may be deposited only in monetary form.
4. The margin deposit amount may be set by a clearing participant itself for each trading participant and depending on its trading activities, but this amount may not fall below the required margin amount calculated in accordance with Article 34. The amount of paid deposited margins determines the warning and stop limits. The following relations shall apply to each of these limits:

Warning limit = (the paid margin deposit – the delivery margin)* coefficient L1

Stop limit = (the paid margin deposit – the delivery margin) * coefficient L2

delivery margin – the margin requirement resulting from the positions of the trading participant's futures contracts that are in the phase of final settlement and no longer traded.

5. The coefficients L1 and L2 shall be determined by the exchange.
6. A clearing participant is entitled to set its own coefficients relating to deposited margins. The central depository does not monitor whether a coefficient so established is exceeded.
7. A clearing participant is entitled to set the margin deposit amount for each trading participant in accordance with paragraph 4 upon a written request delivered to the central depository using a form that is available on the central depository's website.
8. During the exchange session, individual limits are compared in regular intervals with theoretical daily gains and losses which would result from trades concluded in the relevant exchange trading day and from the open position of the previous accounting day, calculated in accordance with

⁶ Act No. 458/2000 of Czech Coll. – Energy Act, as amended and Act No. 656/2004 of Slovak Coll. - Energy Act, as amended



Article 38, paragraphs 3 and 4; however, the daily (final) settlement price of power futures will be replaced in this calculation by the last quoted price.

9. If a trading participant exceeds its warning limit, the central depository will ask the relevant clearing participant for the possibility to debit the supplementary margin deposit by the amount in excess of the warning limit, increased by ten percent of the current amount of the paid margin deposit. Until the increase of the margin deposits, the participant shall proceed in accordance with a special regulation.⁷
10. Should the trading participant exceed its stop limit, the exchange shall immediately suspend the participant's possibility to submit new orders.
11. Should the trading participant exceed its stop limit, the clearing participant is entitled to pre-determine the procedures in accordance with Article 5 that should follow in such situation and to provide them to the central depository. The clearing participant is entitled to specify the following procedures:
 - a) The exchange will suspend the trading participant's possibility to submit new orders and immediately begins cancelling all orders that have been submitted but not yet matched, or
 - b) the exchange will suspend the trading participant's possibility to submit new orders, immediately begin cancelling all orders that have been submitted but not yet matched, and begin closing the trading participant's open positions no later than within 20 minutes from the moment the stop limit was exceeded.
12. A clearing participant that chooses the procedure under letter a) or that does not specify in advance any procedure may always request the central depository in writing to close the open positions of its trading participant. The closing will begin 20 minutes after the clearing participant's written request is received.
13. In the case of exceeding the stop limit, the participant shall be subject to measures set forth in a special regulation.⁸
14. Margin deposits shall be returned to trading participants upon the written request of a clearing participant, but only if giving effect to such instruction would not result in an insufficiency of margin deposits necessary to cover risks relating to the settlement of power futures contracts. The central depository shall issue instructions to return margin deposits only after the completion of daily settlement of gains and losses, or after final settlement of power futures. Margin deposits which remain deposited in the margin account must be greater than or equal to the total required margin calculated in accordance with Article 34. Together with the return of margin deposits of a trading participant, the central depository will instruct the exchange to reduce the stop limit and the warning limit.
15. If a clearing participant requests an increased margin deposit from a trading participant, the central depository shall deliver to the exchange an instruction to increase the stop and warning limits to levels corresponding with the paid margin deposits.
16. Margin deposits of a trading participant shall be used in case of its default, including any default on the part of the clearing participant in fulfilling its obligations arising from the settlement of power futures contracts and for alternative settlement of these liabilities. The next day following the use of margin deposits, the clearing participant shall replenish their amount at least to the required margin level calculated in accordance with Article 34.

Article 34

Open position margin

1. The open position margin of a trading participant means the minimum required margin deposit in connection with the open position of all power futures series. The minimum margin deposit of each trading participant shall be calculated as follows:

$$MOP_d = \sum_i MA_i \times Coef_i \times (MWh_i + Const_i) \times |OP_{i,d}|$$

⁷ Exchange Regulation – Trading Rules

⁸ Exchange Regulation – Trading Rules



| | |
|-------|---|
| MOP | total margin required by the open position, |
| MA | margin amount relating to each power futures series in EUR/MWh, |
| Coef | delivery coefficient applied for power futures series in the delivery period, |
| MWh | total number of remaining MWh of supply for each power futures series, |
| Const | delivery constant applied to power futures series, |
| OP | open position in a power futures series, |
| d | exchange trading day, |
| i | ordinal number of series of futures accepted for trading on the exchange. |

2. The amount of margin for each power futures series and the amount of the delivery coefficient and the delivery constant for each series of power futures in the delivery period shall be established by the exchange. The central depository shall publish the margin amount per contract in the exchange journal and on the exchange's website. Such specified margin amount per contract shall remain in force at all times until publication of a new margin amount per contract.
3. The General Secretary of the exchange may, in justified cases, decide upon an increase of the margin, the delivery coefficient and the delivery constant above the level referred to in the previous paragraph.
4. If the total required margin of a trading participant calculated in accordance with paragraph 1 exceeds the amount of its recorded margin deposit, the central depository shall issue an order to debit the account of the clearing participant of the relevant trading participant by an amount equal to the difference between the calculated required margin and the margin deposit recorded by the central depository.
5. A clearing participant is entitled to establish its own margin limit requirement for a trading participant with which it has concluded an agreement on the settlement of exchange trades and also whether in the event that the limit is exceeded the exchange shall immediately suspend the submission of that participant's orders or whether the exchange shall suspend the submission of that participant's orders together with cancellation of the unmatched orders in the system.

Article 35

Form of margin deposits

1. Margin deposits shall be provided by the clearing participant on behalf of the trading participant with whom it has concluded an agreement on the settlement of exchange trades either in cash or in the form of an irrevocable bank guarantee under conditions specified in these rules and in the document Obligatory Rules Relating to Bank Guarantees, which is published on the central depository's website. A margin deposit provided in the form of a bank guarantee can also be provided by a bank other than the one with which the trading participant has concluded the agreement on the settlement of exchange trades.
2. Margin deposits may be provided in the form of a bank guarantee under the following conditions:
 - a) Maximum amount of the bank guarantee shall not exceed 80% of margin deposits and the margin deposits amount at least EUR 5,000,000. If the previous condition is not fulfilled, only 60% of margin deposits may be provided in the form of a bank guarantee.
 - b) Maximum amount of the bank guarantee shall not exceed 40% of margin deposits in case the trading participant has not concluded an agreement on the settlement of exchange trades.
3. If the maximum amount of margin deposits provided in the form of a bank guarantee according to previous paragraphs is exceeded, only the maximum amount is allowed for the margin deposits.
4. If an irrevocable bank guarantee is provided on behalf of the trading participant by a bank other than the one with which the trading participant has concluded an agreement on the settlement of exchange trades, the central depository is obliged to inform the respective clearing participant without undue delay of such provided bank guarantee and the end of the period of validity.



5. Trading participant is obliged to conclude an agreement on the bank guarantee, according to which the required cash amount is released in favour of the central depository on the same day (if the central depository requests by 10:00 am) or by 8:30 am on the day following the day of the request (if the central depository requests between 10:00 am and 4:30 pm).
6. The central depository is entitled to use primarily bank guarantee in case stipulated under Article 41, particularly if its validity is going to expire in the next two days.
7. The central depository shall keep summary records of margin deposits on the margin account of each trading participant in the form and value referred to in paragraph 1 of this article.
8. Cash margins deposited by clearing participants in cash on behalf of all trading participants shall be kept on a cash account established by the central depository with the EUR clearing bank for such purpose (the “cash margin account”). These deposits shall be administered by the central depository.
9. The central depository shall transfer interest from margin deposits of the trading participant to the clearing participant on a monthly basis in proportion to the amount of the margin deposit that is paid in cash. The central depository’s fee for administering the margin deposits shall be 1% of the interest paid.
10. If the available cash margin deposit is insufficient to cover the obligations of a defaulting participant, then funds from the clearing fund shall be used until the bank guarantee is released.

Article 36

Long position in power futures

1. A long position in a given power futures series with physical settlement in a delivery period represents the entitlement of the relevant trading participant to draw electricity in the volume corresponding to its position and its obligation to pay cash for such delivery.
2. A long position in power futures on an account is represented by the number of registered purchased power futures. A long position or a change in its amount will occur:
 - a) upon a purchase, when the long position will be increased by the number of power futures purchased by the trading participant and their registration on the relevant account;
 - b) upon a sale, when the long position will be decreased by the number of power futures sold by the trading participant and their registration on the relevant account; in the case of sale of more contracts than those representing the long position, such long position will change into a short position and its volume will be equal to the difference between the sold power futures and the former volume of the long position;
 - c) as of the accounting day following the end of the final settlement period of the relevant power futures series, when the number of power futures in the long position on any account will be reduced to zero.

Article 37

Short position in power futures

1. A short position in a given power futures series with physical settlement in a delivery period represents the obligation of the relevant trading participant to supply power and its entitlement to receive payment in the amount corresponding to its position.
2. A short position in power futures on an account is represented by the number of registered sold power futures. A short position or a change in its amount will occur:
 - a) upon a sale, when the short position will be increased by the number of power futures sold by the trading participant and their registration on the relevant account;
 - b) upon a purchase, when the short position will be decreased by the number of power futures bought by the trading participant and their registration on the relevant account; in the case of purchase of more contracts than those representing the short position, such short position will



change into a long position and its volume will be equal to the difference between the bought power futures and the former volume of the short position;

- c) as of the accounting day following the end of the final settlement period of the relevant power futures series, when the number of power futures in the short position on any account shall be reduced to zero.

Article 38

Daily settlement of price changes

1. Upon the close of an accounting day, the central depository shall determine current gains and losses that occurred on that day from the trades concluded in the relevant exchange trading day, from the open position of the previous accounting day and from positions registered with TSO. The daily settlement of price changes does not have the character of the settlement of a margin on a physical delivery.
2. The trading participants whose trades and open positions resulted in losses shall pay an amount equal to the amount of such losses. The trading participants whose trades and open positions resulted in gains shall be paid an amount equal to the amount of such gains.
3. The daily settlement amount relating to an open position of the relevant power futures series from the previous day shall be calculated as the product of the volume of such position from the previous day, the total number of MWh for delivery of the relevant power futures series and the difference between the daily settlement price for this power futures series of the given accounting day and the daily settlement price for this power futures series for the previous accounting day. If such difference is positive, the loss will be paid by the holder of the short position; if it is negative, the loss shall be paid by the holder of the long position.
4. The daily settlement amount relating to individual trades concluded during the relevant exchange trading day shall be equal to the product of the number of contracts traded within a single trade, the total number of MWh of the relevant power futures series and the difference between the daily settlement price of this power futures series and the price at which the trade was concluded. If such difference is positive, the loss shall be paid by the seller; if the difference is negative the loss shall be paid by the buyer.
5. The total daily settlement amount for price changes relating to a trading participant is the sum of an amount calculated in accordance with paragraph 3 above for all accounts of such trading participant carrying open positions and the amounts calculated in accordance with paragraph 4 above for all trades concluded by the trading participant in the given exchange trading day.
6. In the case that a trading participant and the central counterparty become contracting partners of counter exchange trades or positions after cascading (i.e. exchange trades or positions related to the same product, but for which the position of the contracting parties is counter), these exchange trades or positions are (on the basis of an agreement between the parties as stipulated by these rules), from a final settlement perspective, cancelled, though only to the extent that they overlap, the first day that they converge. In the case that multiple counter exchange trades for such pairing are concerned, the exchange trades concluded earliest shall be cancelled first. For the sake of eliminating all uncertainty, it has been established that in the case exchange trades are cancelled these trades are annulled without final settlement.

Article 39

Cascading of year and quarter series power futures

1. On the accounting day following the last trading day of such series, year and quarter power futures series shall be replaced with an equivalent of power futures series with a shorter final settlement period (quarter and month power futures) so that the position volume and length of the final settlement period correspond to the original power futures series.
2. Each open position in year power futures shall be replaced with an equivalent of three month power futures (January, February and March) and quarter power futures (second, third and fourth quarters).



3. Each open position in quarter power futures is replaced with the equivalent of month power futures with a final settlement period corresponding to the original quarter.
4. The settlement of cascaded power futures series is done on the basis of the final or the daily price of the power futures series that replaced the cascaded series.

Article 40

Final settlement of power futures with physical settlement

1. Final settlement of a given power futures series that enters the final settlement period is done every accounting day during and, if need be, after the final settlement period of such power futures series.
2. The final settlement of power futures proceeds in the form of cash settlement of a payment for delivery of electricity and final settlement of daily gains and losses.
3. The final settlement of daily gains and losses is calculated as the product of the volume of the relevant registration of the given power futures series with TSO in MWh and the difference between the final settlement price and the last daily settlement price of the given power futures series. If the difference is positive, the loss will be paid by the holder of the short position (supplier); if it is negative, the loss shall be paid by the holder of the long position (customer). The payment is settled on the first accounting day after the delivery day. If the delivery day is not an accounting day, the payment is executed on the second accounting day after the delivery day.
4. The payment for delivery is calculated as the product of the volume of the relevant physical delivery of the given power futures series at TSO in MWh and the final settlement price of the relevant power futures series. VAT is added to the final settlement price (standard settlement regime⁹), as are, if required, the additional applicable excise tax and legally mandated fees. The payment shall be made such that the delivery price without the excise tax is settled between the buyer and seller on the first accounting day after the delivery day. If the delivery day is not an accounting day, the payment is executed on the second accounting day after the delivery day. The amount of the corresponding excise tax is also charged to the buyer on the first accounting day after the delivery day. If the delivery day is not an accounting day, the payment is executed on the second accounting day after the delivery day. The seller is reimbursed the amount corresponding to this excise tax no later than the 25th day of the following calendar month, unless a special regulation stipulates otherwise.¹⁰

Article 41

Final settlement of power futures with financial settlement

1. Final settlement of a given power futures series that enters the final settlement period is made every accounting day during and, if need be, after the final settlement period of such power futures series.
2. The final settlement is calculated as the product of the volume of the given power futures series in MWh on the relevant day of the final settlement period and the difference between the final settlement price and the last daily settlement price of the given power futures series. If the difference is positive, the loss is paid by the holder of the short position; if it is negative, the loss is paid by the holder of the long position. The payment is settled on the first accounting day after the relevant final settlement period. If the given day of the final settlement period is not an accounting day, the payment is executed on the second accounting day after the given day of the final settlement period.

Article 42

Failure to fulfil obligations arising from settlement of power futures

1. If a clearing participant fails to pay all liabilities on behalf of the trading participants with which it has concluded agreements on the settlement of exchange trades, such liabilities shall be covered

⁹ Exchange Regulation – Trading Rules

¹⁰ Exchange Regulation – Trading Rules



using the clearing participant's deposits in the clearing fund or from margins of the trading participants who have such obligation in proportion to the amount of their liabilities.

2. If a clearing participant reports to the central depository trading participants who do not fulfil their obligations to that trading participant, then preference in the settlement of such liabilities will be given to margin deposits of such non-clearing participants. If such margin deposits are insufficient, then the clearing participant's deposits in the clearing fund shall be used.
3. If the defaulting clearing participant's deposit in the clearing fund and the margin deposits of the trading participant having such liabilities are insufficient, the deposits of the other clearing participants in the clearing fund shall be used in proportion to the amount of their respective deposits.
4. Margin deposits of a trading participant may be used solely in payment of its own liabilities.
5. If a trading participant defaults on its obligation to maintain the required margin relating to its open position in accordance with articles 33 and 34, that participant shall be obliged to close its positions, upon the central depository's request, to such extent as permits the participant to meet such margin requirement.
6. The central depository shall report to the General Secretary of the exchange any shortage of funds for settling power futures.

PART 7 - SETTLEMENT OF SPOT CONTRACTS

Article 43

Spot limit

1. A clearing participant establishes a spot limit in EUR for each trading participant with whom he has concluded an agreement on the settlement of exchange trades. A trading participant without an established spot limit is not permitted to trade on the spot market.
2. The spot limit is checked on each order entered by a trading participant and the following relationship must be valid:

$$\begin{aligned}
 SPOT \text{ lim} &\geq \sum_{n,i} (BuyO_{n,i} \times BuyM_{n,i}) + \sum_{n,i} (SellO_{n,i} \times SellM_{n,i}) + \sum_{n,i} (BuyO_{n,i} \times BuyP_{n,i}) + \\
 &+ \sum_i (BuyOP_i \times BuyM_i) + \sum_i (SellOP_i \times SellM_i) + \\
 &+ MAX \left(0; \sum_{m,i} (BuyTrade_{m,i} \times TradeP_{m,i}) - \sum_{m,i} SellTrade_{m,i} \times TradeP_{m,i} \right)
 \end{aligned}$$

| | |
|----------|---|
| SPOT lim | the spot limit established by a clearing participant in EUR |
| BuyO | the value of the buy order/registration in MWh |
| BuyM | the margin parameter of the purchase in EUR/MWh |
| SellO | the value of the sell order/registration in MWh |
| SellM | the margin parameter of the sale in EUR/MWh |
| BuyOp | the net purchase open position from concluded/registered series trades in MWh |
| SellOp | the net sales open position from concluded/registered series trades in MWh |
| BuyP | the price of the purchase order/registration in EUR/MWh (including VAT) |
| TradeP | the price of the trade in EUR/MWh (in case of purchase including VAT) |
| BuyTrade | the value of the concluded/registered purchase trade in MWh |



| | |
|-----------|---|
| SellTrade | the value of the concluded/registered sell trade in MWh |
| i | ordinal number of spot contract |
| n | ordinal number of the order/registration |
| m | ordinal number of the trade |

3. If a spot limit is exceeded by the placement of an order, this order is rejected.

Article 44

Settlement of spot contracts

1. The settlement of concluded spot contract occurs with their registration on accounts in the central depository records and the monetary settlement of deliveries, which are registered with TSO at the price of the relevant spot contract.
2. VAT is added to the final settlement price (standard settlement regime¹¹), as are, if required, the additional applicable excise tax and legally mandated fees. Payment is conducted such that the price of the delivery of each spot contract without excise tax is settled with the buyer and seller on the first accounting day after the delivery day; in case the delivery day is not an accounting day, the payment is conducted on the second accounting day after the delivery day. The amount of the corresponding excise tax is also charged to the buyer on the first accounting day after the delivery day; in case the delivery day is not an accounting day, on the second accounting day after the delivery day. The seller is reimbursed the amount corresponding to this excise tax no later than the 25th day of the following calendar month, unless a special regulation stipulates otherwise.¹²

Article 45

Failure to fulfil obligations arising from the settlement of spot contracts

1. If a clearing participant fails to pay all liabilities on behalf of the trading participants with which it has concluded agreements on the settlement of exchange trades, such liabilities shall be covered using the clearing participant's deposits in the clearing fund.
2. If the defaulting clearing participant's deposit in the clearing fund is insufficient, the deposits of the other clearing participants in the clearing fund shall be used in proportion to the amount of their respective deposits.
3. The central depository shall report to the General Secretary of the exchange any shortage of funds for settling power futures.

PART 8 - OTC CLEARING

Article 46

Settlement method

1. OTC Clearing is understood as the registration of bilateral transactions between two trading participants into the exchange trading system. With the receipt of registration by the exchange this transaction becomes an exchange trade and settlement is governed by the relevant provisions set forth in Settlement of Power Futures or by the provisions set forth in Settlement of Spot Contracts of these rules, depending on the product that is the subject of the transaction.
2. It is only possible to register products that the exchange allows to be registered.

Article 47

Receipt of power futures registration

¹¹ Exchange Regulation – Trading Rules

¹² Exchange Regulation – Trading Rules



1. In order for a transaction to be registered it is necessary not to exceed margin limit requirement and the price condition is to be met, as must the condition for the maximum size of the order (number of contracts in the transaction), which is the same as the maximum size of an order for an exchange trade. In all other cases this transaction shall be rejected and will not be accepted for settlement.
2. The price condition introduced in the previous paragraph is understood as respecting the permitted range for the invested price of the transaction and the following must hold true:

$$M2M Price_{i,t-1} - (OTCk \times MA_i) \leq OTC Price_{i,t} \leq M2M Price_{i,t-1} + (OTCk \times MA_i)$$

| | |
|----------|-----------------------------------|
| OTCPrice | invested price of the transaction |
| M2MPrice | daily settlement price |
| MA | power futures margin parameter |
| OTCk | OTC price coefficient |
| i | power futures series |
| t | exchange day |

3. The exchange establishes the margin for each power futures series and the OTC price coefficient.

Article 48

Receipt of spot contract registration

1. In order for a transaction to be registered it is necessary to conduct a successful check of the spot limit.
2. If the spot limit would be exceeded by registering the transaction, this transaction shall be rejected and will not be accepted for settlement.

PART 9 - FEE RULES

Article 49

Subject of regulation

1. The Fee Rules regulate the fees for services provided by the central depository to clearing participants in accordance with these rules.
2. The provided services are taxed according to the fee rules and fee schedule effective at the time of providing the services.

Article 50

Fee payers and fee structure

1. The persons obliged to pay fees are the clearing participants.
2. Fees comprise:
 - a) a one-off entry fee,
 - b) a termination fee,
 - c) an annual fee,
 - d) a penalty fee.
3. The fee referred to in paragraph 2 b) is not paid by a clearing participant that has not concluded an agreement on the settlement of exchange trades with a trading participant at the time of submitting



a request to terminate its participation in the settlement system under Article 10, paragraph 3 of these rules.

Article 51

Fee rates

1. The amount of fees is fixed or calculated in accordance with an established formula.
2. Individual fees and their amounts, or the algorithms for their calculation, are contained in the fee rules.

Article 52

Payment terms for fees

1. The fees given in Article 49, paragraph 2 a) and b) are due upon issue of the relevant decision and within 15 days after the central depository's issuing the relevant invoice.
2. The fee given in Article 49, paragraph 2 c) is always due by 15 February of the relevant year or within 15 days of issuing an invoice after a corresponding decision was issued.
3. The fee given in Article 49, paragraph 2 d) is due on the next accounting day after the fee is assessed.

Article 53

Method of paying fees

1. The fee given in Article 49, paragraph 2 d) shall be paid by wire transfer based upon the central depository's debit order.
2. All fees other than those under paragraph 1 above are paid by wire transfer based on an invoice issued by the central depository.

PART 10 - CLAIMS PROCEDURE

Article 54

Scope of the claims procedure

1. The claims procedure regulates the process to be followed in asserting and processing claims concerning services provided by the central depository in the settlement of trades concluded on the exchange.

Article 55

Persons entitled to submit claims

1. A claim regarding the central depository's activities in the settlement of trades concluded on the exchange may be filed by a participant in settlement (hereinafter just the "claimant").

Article 56

Time limits, place and particulars of submission

1. Claims relating to a breach of the central depository's duties must be filed within 30 business days immediately following the day when the service was or should have been provided. Claims relating to invoiced amounts must be submitted within one month of the tax effectiveness date.
2. Claims shall be submitted in writing to the central depository's address. Claims may also be submitted to the central depository's fax number available non-stop 24 hours a day.
3. The central depository shall keep a claims logbook, where it will register all submitted claims, including information about the outcome of the claims procedure.



Article 57

Waiver for late claims submission

1. A claimant who misses the time limit for submitting a complaint may apply to the central depository's CEO in writing for a waiver in order to submit a late claim if the time limit was missed for serious reasons.
2. The central depository shall report the result of the decision on a waiver for submitting a later claim to the claimant no later than 15 calendar days after receipt of its request. A waiver for a missed time limit cannot be granted if more than 6 months have lapsed since the first day when the right to make a claim pursuant to the previous article was to be duly asserted.

Article 58

Time limits and appeals

1. The central depository is obliged to decide on a claim within 30 calendar days after its receipt. The time limit for settlement of complicated claims may be extended to 60 calendar days. The claimant shall be notified in writing of any such extension of the basic time limit.
2. The central depository shall notify the claimant of the settlement of its claim in writing at the address stated in the submission.
3. An appeal against the way of settling the claim is permitted.
4. The appeal may be filed in writing within 15 calendar days after receipt of the notice of claim settlement, and it shall be decided by the CEO of the central depository. The time limit for decision on an appeal is 30 calendar days.

PART 11 - TRANSITIONAL AND FINAL PROVISIONS

Article 59

Liability

1. The central depository shall not be liable for any damage caused to participants in settlement or to third parties due to a breach of this regulation by another participant.

Article 60

Relationship to guarantee funds

1. Margins and contributions to the clearing fund kept on the central depository's cash accounts at the EUR clearing bank and entrusted to the central depository by the clearing participant for the purpose of securing obligations arising from the settlement of electricity trades are not part of the central depository's assets. The central depository accounts for these separately from its own assets.

Article 61

Dispute resolution

1. Any disputes between participants in settlement and disputes with the central depository concerning the settlement of trades shall be resolved by the relevant general courts.

Article 62

Amendments to the rules

1. Any amendments to these rules shall be approved by the board of directors of the central depository after prior review by the exchange chamber.
2. These rules come into effect as of the date designated by the central depository's board of directors.



3. An up-to-date version of these rules must also be published on the central depository's website at least 5 calendar days before their effective date.
4. Unless established otherwise, exchange trades are always settled using the rules effective on the settlement date.

Article 63

Effectiveness

1. These rules were approved by the central depository's board of directors on 14 May 2010 and shall come into effect the day central depository commence activities.



ANNEX NO. 1 – SETTLEMENT SCHEDULE

| | |
|--------------------|---|
| 8:00 | Opening of the settlement system for its participants |
| 8:30 | Submission of debit wire transfers to the EUR clearing bank |
| 8:35 | Submission of credit wire transfers to the EUR clearing bank |
| 9:00–12:00 | Creation and transfer of the list of orders to the exchange and the central counterparty for the purpose of registration with OTE |
| 15:00 | Creation of the list of registered positions with TSO Creation of the list of payments Creation of the list of balances |
| 9:15-12:30 | Substitute trades resolution |
| 17:15-17:30 | Opening of new accounting day |
| 18:00 | Creation of the file of preliminary information on payments |
| 18:00 | Creation of the net cash positions file |
| 20:00 | Closure of the settlement system |

The participants in the settlement system are notified upon creation of each file and may download such file thereafter.



ANNEX NO. 2 – FEE RULES

| Name of Fee | Rate |
|--|--------------------------------------|
| Clearing participant's one-off entry fee | EUR 3,000 |
| Termination fee | EUR 5,000 |
| Clearing participant's annual fee (fee includes participant's basic connection [3x log-in]) | EUR 5,000 |
| Annual fee for additional application connections | EUR 400 |
| Annual fee for additional application connections for back-office purposes (downloading files including history) | EUR 200 |
| Penalty fee | 0.5% of the settlement funds deficit |

Applicable VAT shall be added to each fee.