



Detailed Clearing Rules for the Agricultural Commodity Market

These rules come into force on 1 March 2020.

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Definitions

- 1) **Clearing Bank** – bank providing Clearing House Members, under an agreement with the Clearing House, the Settlement Bank and agreements with Clearing House Members, with financial services associated with the cash settlement of Transactions;
- 2) **Settlement Bank** – bank providing the Clearing House, under an agreement with the Clearing House and agreements with Payer Banks of Clearing House Members, with financial services associated with the cash settlement of Transactions;
- 3) **Exchange Member** – entity that has entered into a membership agreement with the Exchange;
- 4) **Brokerage House** – entity referred to in art. 2 item 9 of the Act;
- 5) **Delivery Day** – the date, on which an agricultural commodity sold or purchased on the Trading Day is delivered or accepted;
- 6) **Day N** – day on which the clearing of Transactions is performed by the Clearing House. The days preceding or following Day N are denoted as N-1 or N+1, respectively;
- 7) **Trading Day** – the date when ACM prices are determined for the given Delivery Day;
- 8) **e-ACM** – is defined as the register, in which the levels of agricultural commodity inventories are recorded, on the terms and conditions set out by the Exchange;
- 9) **exchange** – Commodity Exchange Market operated by the Exchange;
- 10) **Exchange, TGE** – the company Towarowa Giełda Energii S.A. (Polish Power Exchange) with its registered office in Warsaw;
- 11) **Schedule** – a detailed plan of cash settlement of Transactions conducted by the Clearing House, forming an appendix hereto;
- 12) **IRGiT** – Izba Rozliczeniowa Giełd Towarowych S.A. with its registered office in Warsaw;
- 13) **Clearing House** – exchange clearing house (within the meaning of the Act) operated by IRGiT;
- 14) **SWIFT Messages** – messages sent between banks participating in the process of cash settlements of Transactions, consistent with the standards published by the Society for Worldwide Interbank Financial Telecommunication;
- 15) **Trading Accounts** – recording devices used to register positions in agricultural commodities, maintained by IRGiT;
- 16) **Clearing Accounts** – recording devices used to determine liabilities and receivables arising from the clearing of Transactions, maintained by IRGiT;
- 17) **Collateral Pledged Account** – recording device used to register the total value of collateral provided by a Clearing House Member in the form of cash deposited in a Transaction Margin Sub-Account;
- 18) **Transaction Limit** – maximum total daily value of purchase Transactions which may be executed on a given day on the ACM;

- 19) **Private Website** – a website accessible only by a given Clearing House Member, IRGiT and the Polish Financial Supervision Authority;
- 20) **Portfolio** – Positions in agricultural commodities registered on Trading Accounts marked with the same code of a Clearing House Member and the same Portfolio code;
- 21) **Transaction Margin Bank Account** – account kept for IRGiT in the Settlement Bank with sub-accounts dedicated to Clearing House Members, in which funds constituting transaction margins provided by Clearing House Members are posted;
- 22) **Clearing Bank Account** – account of a Clearing House Member in the Clearing Bank used to handle cash settlements for Transactions;
- 23) **Clearing House’s Settlement Bank Account** – account kept for IRGiT in the Settlement Bank, dedicated to handling interbank transfers during cash settlements of Transactions;
- 24) **Technical Bank Account** – account kept for IRGiT in the Clearing Bank, dedicated to handling cash settlement of Transactions;
- 25) **Deferred Payment Account** – account kept for IRGiT in the Settlement Bank for posting the funds constituting the balance of liabilities of Clearing House Members on account of purchase Transactions concluded at an auction, for which a requirement to provide a bid bond exists;
- 26) **Bid Bond Account** – account kept for IRGiT in the Settlement Bank for collecting and storing Bid Bonds;
- 27) **Payments Confirmation Report** – report sent by IRGiT to the Clearing Bank on a business day containing information on payments of individual Clearing House Members on account of the clearing of Transactions;
- 28) **Clearing Report** – report available to a Clearing House Member in the Clearing System, containing the values of payments on a given day on account of the clearing of Transactions, the value of the Transaction Limit and the value of pledged collateral;
- 29) **ECH Regulations** – Regulations of the Exchange Clearing House (Commodity Market);
- 30) **ACM** – Agricultural Commodity Market operated by the Exchange;
- 31) **Clearing House Member** – an entity, which has obtained membership in the Clearing House by the power of a resolution adopted by the IRGiT Management Board and has been admitted by the Clearing House to the clearing of Transactions;
- 32) **Clearing system** – collection of devices and software, in particular specialized computer software used for running the Transaction clearing process, as a result of which Clearing Reports are prepared that are shared by IRGiT on the Private Website;
- 33) **Commodity Brokerage House** – entity referred to in art. 2 item 8 of the Act;
- 34) **agricultural commodity** – a product of a quality standard specified by the Exchange, being an effect of soil cultivation or animal husbandry, in the form of

raw materials, intermediate products and finished products made out of such raw materials and intermediate products, admitted to exchange trading and constituting a commodity referred to in Article 2 item 2(a) of the Act;

- 35) **Transaction** – an agricultural commodity sale agreement concluded on the ACM, where a Clearing House Member is a party to clearing operations;
- 36) **Act** – the Act of 26 October 2000 on Commodity Exchanges (consolidated text: Journal of Laws of 2005 No. 121 Item 1019, as amended);
- 37) **Bid Bond** – monetary assets contributed by a Bidder to secure the correct performance of obligations arising under the sales Transactions concluded as a result of the auction, for which a Bid Bond contribution requirement has been specified, on the terms and conditions specified by IRGiT in this document;
- 38) **Order** – a purchase or sale offer made by an Exchange Member for agricultural commodities on the ACM.

CHAPTER I General provisions

§ 1

1. These Detailed Clearing Rules for the Agricultural Commodity Market (hereinafter also "Detailed Clearing Rules for ACM") have been approved by the IRGiT Management Board in order to lay down the detailed rules for conducting the clearing and settlement process of Transactions.
2. The IRGiT SA Management Board has the right to amend these Detailed Clearing Rules for ACM in whole or in part, at any time, on the terms set out in § 3 of the ECH Regulations.
3. The provisions and definitions set forth in the ECH Regulations are applicable to the terms used in these Detailed Clearing Rules for ACM, unless they were defined in this document.

CHAPTER II Clearing House Membership

§ 2

The Clearing House clears Transactions concluded on the ACM if the entity, which concluded a Transaction:

- 1) has a clearing Member status in this respect, or
- 2) being an Exchange Member, concluded an agreement, under which the Clearing House Member was assigned the type of activity of an Exchange Member representative.

§ 3

1. The following types of Clearing House membership are distinguished:
 - 1) Direct Clearing House Members – entities operating individually vis-a-vis the Clearing House and other Clearing House Members, in matters resulting from their Clearing House membership;
 - 2) Indirect Members – Exchange Members, for whom the Clearing House keeps trading accounts in appropriate registers and which entrust the clearing of Transactions concluded by them to Brokerage Houses or Commodity Brokerage Houses under representation agreements.
2. The following types of activity on the ACM are distinguished:
 - 1) activity on one's own account – if a Clearing House Member assumes responsibility for the discharge of liabilities arising from clearing of Transactions concluded by that Clearing House Member on its own account,

- 2) activity on clients' account – if a Clearing Member assumes responsibility for the discharge of liabilities arising from clearing of Transactions concluded by that Clearing Member on its clients' account, or by another entity on account of clients of that clearing member,
 - 3) as a representative of an Exchange Member – if a Clearing House Member assumes responsibility for the discharge of liabilities arising from clearing of transactions concluded by another entity.
3. Only a direct member may be a Clearing Member. Having a Clearing Member status shall be understood as this Clearing House Member's being held liable towards other Clearing House Members and the Clearing House for the proper discharge of liabilities arising from the clearing of Transactions made by the Clearing House and additionally as participation in the clearing guarantee system under the rules defined by the Clearing House.

§ 4

1. A Clearing Member status is obtained on the condition that the Clearing House Member makes a payment towards a transaction margin based on the scope of the Clearing House Member's activity and satisfaction of other terms and conditions defined by the Clearing House.
2. According to the ECH Regulations, the IRGiT Management Board may consent to the payment, by Clearing House Members that are Brokerage Houses or Commodity Brokerage Houses and meet the conditions set forth below, towards a transaction margin to the member's clearing bank account in the Clearing Bank. The consent of the IRGiT Management Board referred to in the preceding sentence shall be granted if the following conditions are met:
 - 1) filing of a relevant application with the IRGiT Management Board,
 - 2) conduct of operations on behalf of clients or as a representative of an Exchange Member,
 - 3) execution of an agreement with the Clearing Bank and IRGiT on IRGiT's use of funds deposited in the Clearing Bank Account and granting of an irrevocable and non-expiring power of attorney to IRGiT to use the funds deposited in the Clearing Bank Account.
3. In making the decision referred to in subparagraph 2, the IRGiT Management Board takes into account the impact of the applied solution on the security of trading, in particular on the clearing or settlement processes carried out by the Clearing House, and the currently applicable provisions of law. In the course of the assessment referred to in the previous sentence, the IRGiT Management Board takes into account the current financial standing of the entity in question, and the data it holds on how the entity performs its obligations towards the Clearing House or other Clearing House Members.
4. The IRGiT Management Board adopts a resolution on the application referred to in subparagraph 2 following its examination of the submitted application, taking into consideration the criteria referred to in subparagraph 3. A resolution in this regard shall require substantiation.

5. If a Clearing House Member conducts operations both on behalf of clients or as a representative of an Exchange Member or on its own account, the consent referred to in subparagraph 2 is limited exclusively to the scope of operations other than conducted on the Clearing House Member's own account.

§ 5

1. Clearing House membership is acquired on the moment the IRGiT Management Board adopts a resolution on acceptance of the application of an interested entity for concluding a Clearing House membership agreement, on the terms and conditions set forth in the ECH Regulations.
2. An application for concluding a Clearing House membership agreement conclusion shall be prepared on a form, the template of which is set by the IRGiT Management Board.
3. The following may be Clearing House Member for the ACM:
 - 1) Commodity Brokerage Houses,
 - 2) Brokerage Houses,
 - 3) domestic financial institutions other than those enumerated in items 1-2, in particular banks if their membership is aimed at cooperating with the Clearing House in the clearing of Transactions,
 - 4) foreign legal entities referred to in Article 50 sec. 1 of the Act conducting brokerage activities of trading in exchange commodities in the territory of the Republic of Poland in the form of a branch.
4. A legal person or other organizational entity with its registered office abroad, which performs Transaction clearing tasks may also be a Clearing House Member.

§ 6

1. The amount of equity of Clearing Members may not be lower than:
 - 1) for Clearing House Members clearing only Transactions concluded on their own account:
 - a) PLN 50 million – in the case of banks,
 - b) PLN 3.2 million – in the case of foreign legal persons referred to in Article 50 sec. 1 of the Act,
 - c) PLN 500 thousand – in the case of Brokerage Houses and Commodity Brokerage Houses.
 - 2) For Clearing House Members clearing Transactions other than those specified in item 1:
 - a) PLN 100 million - in the case of banks,
 - b) PLN 5 million – in the case of foreign legal persons referred to in Article 50 sec. 1 of the Act,
 - c) PLN 500 thousand – in the case of Brokerage Houses and Commodity Brokerage Houses.
2. Equity shall be understood as:

- 1) in the case of banks – the sum of basic funds within the meaning of the Banking Law Act, less unfunded loss carried forward,
- 2) in the case of Brokerage Houses, Commodity Brokerage Houses – the sum of share capital, in the part that has been paid in, supplementary capital and reserve capital, excluding revaluation reserve, less unfunded loss carried forward,
- 3) in the case of foreign legal persons referred to in Article 50 sec. 1 of the Act – the brokerage activity fund separated from the equity (own funds) of such foreign legal entity, plus reserve funds and the branch's profits and less the branch's losses.

§ 7

The IRGiT Management Board may, by way of a resolution, order a Clearing House Member who has the Clearing Member status to submit, on specified dates and over a specified term, certain information on financial standing, if it suspects that the activity of such Clearing House Member is a threat to trading security or that such a threat is likely.

CHAPTER III Registration of operations related to trading in agricultural commodities

§ 8

1. All operations related to registration and clearing of Transactions in agricultural commodities are performed by the Clearing House on Trading Accounts of the agricultural commodity register and on Clearing Accounts.
2. Trading Accounts of the agricultural commodity register are defined as recording devices used to register positions in agricultural commodities cleared by the Clearing House. The Clearing House keeps separate Trading Accounts for each Clearing House Member for Transaction purposes.
3. Clearing Accounts are defined as recording devices used to register liabilities and receivables of a Clearing Member on account of the registration of liabilities and receivables related to the clearing of Transactions. The Clearing House keeps separate Clearing Accounts for each Clearing House Member for Transaction purposes.
4. If a Clearing House Member performs clearing activities for clients then the records of Transactions concluded for a client are kept in the Clearing House's Clearing System on a separate Trading Account of the agricultural commodity register dedicated to that Clearing House Member.
5. Liabilities and receivables arising from the clearing of Transactions in the event that a Clearing House Member performs clearing activities for clients are

registered on a separate Clearing Account dedicated to that Clearing House Member.

CHAPTER IV Clearing collateral

Collateral system of Transaction clearing.

§ 9

1. The Clearing House creates and manages the clearing guarantee system for Transactions based on the cash collected in Transaction Margin Sub-Accounts, subject to the provisions of sec. 6.
2. Deposits into and withdrawals from a Transaction Margin Sub-Account are made by a Clearing House Member and have a direct effect on the Transaction Limit.
3. Each Clearing House Member has a Collateral Pledged Account in the Clearing System reflecting the current balance of collateral pledged for Transactions. Clearing House Members conducting activity both on their own account and on the clients' account, will have separate Collateral Pledged Accounts for each type of activity.
4. On every business day following the completion of clearings by 6:30 p.m., the balance of the Collateral Pledged Account shall be updated based on the provided cash.
5. Before every Trading Day, IRGiT will send the current Transaction Limits of Clearing House Members to the Exchange. The Transaction Limit calculating method is described in § 12 sec. 3.
6. In the case of Brokerage Houses and Commodity Brokerage Houses, which have obtained the consent referred to in §11 sec. 2 of the ECH Regulations, IRGiT may consider a specified Clearing Bank Account to be the Transaction Margin Bank Account for activities conducted on the clients' account.

Transaction margin.

§ 10

1. Transaction margins are used to collateralize cash settlements of Transactions.
2. The minimum value of a transaction margin for ACM is PLN 10,000.00.
3. The value of a transaction margin consists of funds contributed towards a Transaction Limit. Cash contributed towards a transaction margin by a Clearing House Member is kept separately for different specified types of activity

conducted, in the Transaction Margin Sub-Account dedicated to such Clearing House Member, subject to § 4 sec. 2.

§ 11

1. Withdrawals of cash contributed towards a transaction margin will be made on business days upon an order from of a Clearing House Member, subject to a prior approval by IRGiT.
2. The approval for the withdrawal of cash contributed towards a transaction margin will be obtained no later than on the business day immediately following the date of submission of the pertinent instruction (order) by the Clearing House Member in the Settlement Bank's electronic banking system or, in the case referred to in § 4 sec. 2, in the Clearing Bank's electronic banking system, along with approval of the instruction by persons authorized by the pertinent Clearing House Member.
3. The instruction referred to in sec. 2 above may also be submitted by sending an e-mail to the address specified by IRGiT, with an attached scan of a letter containing a request for the withdrawal of cash specifying the withdrawal amount and the Clearing Bank Account number or, if an appropriate statement has been submitted, an alternative account number.
4. The Clearing House verifies the payment orders referred to in sec. 2 and 3 above submitted by Clearing House Members, while applying the following rules:
 - 1) the consent for the withdrawal is given if all required signatures are affixed by persons authorized to issue cash transfer instructions from the Transaction Margin Sub-Account dedicated to the pertinent Clearing House Member or, in the case referred to in §4 sec. 2, from the Clearing Bank Account of Brokerage Houses and Commodity Brokerage Houses.
 - 2) In the case of an order from a Clearing House Member acting on its own account or a Clearing House Member acting on its clients' account, including a Clearing House Member who has obtained the consent referred to in §4 sec. 2, the consent for the withdrawal is given if the following condition is fulfilled:

$$W\acute{S}DT - WW + \min(BM; 0) \geq MWDT$$

where:

W^{acute}SDT – cash amount in a Transaction Margin Sub-Account (or in a Clearing Bank Account in the case of a Clearing House Member acting on its clients' account, including a Clearing House Member who has obtained the consent referred to in §4 sec. 2),

WW – value of the withdrawal stated in the order submitted by the Clearing House Member,

BM – value of the balance of liabilities or receivables resulting from the clearing of Transactions, as scheduled for payment on the nearest business day,

MWDT – minimum value of the transaction margin referred to in § 10 sec. 2.

- 3) In the case of an order from a Clearing House Member acting on its own account or a Clearing House Member acting on its clients' account, excluding a Clearing House Member acting on its clients' account who has obtained the consent referred to in §4 sec. 2, the consent for the withdrawal is given subject to the fulfillment of the criteria described in item 2, if the specified account number to which the cash is to be transferred is a Clearing Bank Account number or an alternative bank account number stated in the application.
 - 4) In the case of an order from a Clearing House Member acting on its clients' account, who has obtained the consent referred to in §4 sec. 2, the consent for the withdrawal is given subject to the fulfillment of the criteria described in item 2 if the indicated account number to which the cash is to be transferred is the number of the bank account dedicated to the transfer of orders to withdraw cash from the Clearing Bank Account.
5. Orders for the withdrawal of cash contributed towards a transaction margin are approved on business days between 4:00 p.m. and 4:30 p.m., provided that an e-mail is sent to the IRGIT's e-mail address by 4:00 p.m. or, in emergencies, a text message (SMS) is sent to the telephone number of the Operator of the Clearing and Settlement Department at IRGIT, containing a notice of submitting such order and provided that the conditions described in sec. 2-4 above have been fulfilled.

Transaction Limit.

§ 12

1. The value of the Transaction Limit of a given Clearing House Member is determined by the sum of cash contributed towards the transaction margin. In the case of Commodity Clearing House Member conducting activity both on its own account and on the clients' account, according to the rules laid down in the preceding sentence, two Transaction Limits are set, separately for each type of activity.
2. Payments feeding the Transaction Limit may be contributed in cash.
3. The value of a Transaction Limit is calculated as the value of the contributed transaction margin. In the case of Brokerage Houses and Commodity Brokerage Houses, which have obtained the consent referred to in §11 sec. 2 of the ECH Regulations, the value of the Transaction Limit is calculated as the value of the contributed transaction margin reduced or increased by the balance of liabilities or receivables on account of Transaction clearing operations, whose cash settlement is to be effected on the following business day.

Bid Bond.

§ 13

1. In the instances defined by the Exchange, an auction in agricultural commodities may be opened on the condition that the auction initiator ("Bidder") provides a Bid Bond.
2. A Bid Bond is contributed by the Bidder in cash to the Bid Bond Account by noon at least 2 days before the planned auction date or, if the date falls on a holiday, on the last business day preceding that day, while IRGiT accepts as binding the date when the Bid Bond is actually received on the Bid Bond Account in the Settlement Bank's electronic banking system.
3. The amount of a Bid Bond due from a Bidder is calculated as the product of the auction volume stated by the Bidder in its application to open an exchange auction and the Bid Bond per unit, which is the amount of cash contributed by the Bidder per 1 delivery unit of a given agricultural commodity. Bid Bond per unit level for each commodity is published in a Release of the Risk Management Department Director.
4. A failure to pay the full Bid Bond amount referred to in sec. 3 within the deadline specified in sec. 2 forms the basis for a refusal of the Exchange to open the auction and for IRGiT to refund the amount contributed by the Bidder, on the first business day after the planned auction date.

§ 14

1. Withdrawals from the Bid Bond Account are made by IRGiT:
 - a) to the Clearing Bank Account of the Clearing House Member who is a Bidder or a Bidder's representative – if the volume of Transactions concluded in an auction is lower than the volume offered by the Bidder in the auction and provided that the Clearing House is not informed by the Exchange that the Bidder has failed to correctly perform its obligations under the Transaction concluded as a result of the auction;
 - b) to the Clearing Bank Account of the Clearing House Member who is the other party to the Transaction concluded as a result of an auction – if the Clearing House is informed by the Exchange that the Bidder has failed to correctly perform its obligations under the Transaction concluded as a result of the auction.
2. If the volume of Transactions concluded in an auction is lower than the volume offered by the Bidder in the auction then the Clearing House makes, on the first business day after the date of the Transaction in the auction, a refund of the Bid Bond in the amount equal to the difference between the Bid Bond contributed by the Bidder in accordance with § 13 sec. 3 and the amount of the Bid Bond due, which is calculated as the product of the Bid Bond per unit amount referred to in § 13 sec. 3 and the volume of Transactions concluded by the Bidder as a result of the auction.
3. If the Clearing House is not informed by the Exchange, by the 19th day after the auction or, if such a day is a statutory holiday, on the first business day preceding that day, that the Bidder has failed to correctly perform its obligations under the

Transaction concluded as a result of the auction, then the Bidder will receive a refund of the Bid Deposit, in the amount equal to the product of the volume of Transactions concluded by him and the Bid Bond per unit amount referred to in § 13 sec. 3, within 21 days after the auction or on the first business day following that day if such a day is a statutory holiday.

4. The Bid Bond is refunded to the Bidder to the Member's Clearing Bank Account in the Clearing Bank.
5. If the Clearing House is informed by the Exchange that the Bidder has failed to correctly perform its obligations under the Transaction concluded as a result of the auction, then the Clearing House will transfer the Bid Deposit to the Clearing House Members who reported to the Exchange, in accordance with the principles it adopted, the non-performance or incorrect performance of obligations, in the amount equal to the product of the volume of the Transactions concluded by them and the Bid Bond per unit amount referred to in § 13 sec. 3. The payment is made within 21 days after the auction or on the first business day following that date, if it is a statutory holiday, to the Member's Clearing Bank Account in the Clearing Bank.

CHAPTER V Financial clearing of Transactions

General provisions.

§ 15

1. In the ACM clearing process, the Clearing House becomes a party to the clearings for the purposes of financial handling of the concluded Transactions. The clearing of Transactions does not involve IRGiT entering into rights or obligations of the parties to such Transactions.
2. Due taxes are calculated and settled in accordance with the applicable laws.

§ 16

1. Cash settlement of Transactions is carried out by IRGiT through the Settlement Bank and all Clearing Banks in accordance with the Schedule.
2. A Clearing House Member must provide separate Clearing Bank Accounts to IRGiT, one for each type of its conducted activity.
3. A Clearing House Member is obligated to grant to the Clearing Bank a power of attorney to submit instructions of transfer of monies from the Clearing Bank Account to the Technical Bank Account in a given Clearing Bank in the amount specified by the Clearing House in the Payments Confirmation Report.
4. A Clearing House Member has one Clearing Account in the Clearing System for each type of its activity, where the clearing of Transactions is effected.

§ 17

1. In the clearing process, the clearing balance of the given Clearing House Member is determined for each Clearing Account. In the case of activity conducted both on one's own account and on the clients' account, separate clearing balances are determined for each type of activity.
2. In the clearing process, receivables and liabilities of the individual Clearing House Members under Transactions are set off against each other within each type of activity conducted by them.
3. The clearing process starts after the Clearing House receives details of all Transactions on a given Trading Day from the Exchange and after finality of such details is confirmed. After the Transactions are confirmed by the Exchange they become irrevocable for the Exchange and third parties.
4. After completion of the clearing process, the Clearing House makes the Clearing Report available in the Clearing System until 6:30 p.m. In extraordinary circumstances, the times of provision of a Clearing Report may change.

Rules for determining the amount of receivables and liabilities under Transactions.

§ 18

1. On each Trading Day, after registering positions from the Transactions cleared by a House Member, the Clearing House effects the clearing of Transactions on the Clearing Account of such Clearing House Member.
2. The value of Transactions on a Trading Day is calculated as the product of the Transaction volume, lot size of the instrument, measured in tons, and the Transaction price expressed as PLN/ton, with the accuracy of PLN 0.01.
3. The clearing balance of a Clearing Account of a Clearing House Member is calculated as the sum of the values of the sell Transactions concluded on the ACM on the Trading Day, less the sum of the values of the buy Transactions concluded on the ACM on the Trading Day plus the VAT amount, subject to sec. 4.
4. In the case of auctions, for which the Bid Bond contribution requirement has been introduced, the clearing balance of a Clearing Account of a Clearing House Member referred to in sec. 3 is ultimately in the clearing process divided into two separate clearing balances – one calculated as the sum of the values of the sell Transactions concluded on the ACM on the Trading Day, while the other calculated as the sum of the values of the buy Transactions concluded on the ACM on the Trading Day, increased by the VAT amount.
5. For foreign entities, unless prevailing provisions of law stipulate otherwise, the clearing balance is not increased by VAT.

CHAPTER VI Cash settlement

Rules for exchange of information between the Clearing House, the Settlement Bank and the Clearing Bank.

§ 19

1. On a business Day N, the Clearing House prepares data for cash settlement of Transactions, which is carried out through the Settlement Bank in cooperation with all Clearing Banks. The data have the form of Payments Confirmation Reports.
2. Payments Confirmation Reports contain payments by Clearing House Member resulting from Transaction clearing balances. Payments Confirmation Reports are sent to individual Clearing Banks and form the basis for the cash settlement of Transactions, which is performed by the Clearing House through the Settlement Bank and the Clearing Bank.
3. Payments Confirmation Reports prepared on business Day N incorporate the liabilities and receivables arising under Transactions on Day N, subject to § 18 sec. 4.
4. In the case of auctions, for which the Bid Bond contribution requirement has been introduced, Payments Confirmation Reports prepared on business Day N incorporate the liabilities and receivables arising under Transactions concluded in auctions on business Day N. Receivables arising under Transactions concluded in auctions on business Day N are incorporated separately in the Payments Confirmation Reports prepared on business Day N+20 or on the business day preceding Day N+20 if Day N+20 is a statutory holiday.

§ 20

1. Payments Confirmation Reports are sent to individual Clearing Banks on business Days N by 5:30 p.m.
2. Payments Confirmation Reports for individual Clearing Banks constitute a confirmation of the information included in the Clearing Report.
3. On the first business day following the date of sending of the Payments Confirmation Reports to individual Clearing Banks, the Clearing Banks will carry out their operations in accordance with the Schedule and instructions contained in the order batches effected in cooperation with the Settlement Bank.
4. The exchange of information between the Settlement Bank and the Clearing Bank is based on the following SWIFT messages:
 - 1) SWIFT MT101 – sent by the Settlement Bank, comprising all payment orders to be carried out by the Clearing Bank;
 - 2) SWIFT MT942 – sent by the Clearing Bank, comprising information about all operations carried out on the Technical Bank Account before its generation;

- 3) SWIFT MT940 – sent by the Clearing Bank, comprising information about all operations carried out on the Technical Bank Account.

§ 21

1. IRGiT sends the payment instructions referred to in § 24 sec. 4 for execution in accordance with the Schedule.
2. The Clearing Bank executes the payment instructions received from the Settlement Bank in the form of SWIFT MT101 messages. The instructions are consistent with the Payments Confirmation Reports.
3. The Clearing Bank has the right to reserve execution of a payment order debiting the Clearing Bank Account of a selected Clearing House Member on the terms and in the manner specified in the Clearing Bank's agreement with IRGiT.
4. The payment reservation for cash settlement of the Transactions referred to in § 24 sec. 4(a), may take place only if the additional liquidity collateral referred to in § 25 is not sufficient to cover liabilities of the Clearing House Member within each type of conducted activity.
5. In the event of a payment reservation by the Clearing House, the value of the transfer between the Technical Bank Account and the Clearing Bank Account in the Payments Confirmation Report sent by the Clearing House to the Clearing Bank pursuant to § 20 sec. 1 and the actual amount of the instruction sent by the Settlement Bank by way of a SWIFT MT 101 message may be different. In such a case, the Clearing House sends a correction of the Payments Confirmation Report to the Clearing Bank, which made the payment reservation.
6. In the event of the payment reservation referred to in items 3-5 above, the Clearing House, in order to ensure safety of its financial settlements, will use funds contributed by the Clearing House Member to the clearing guarantee system.
7. After executing each batch of payment orders referred to in § 24 sec. 4, each Clearing Bank sends the SWIFT MT 942 message for the Technical Bank Account in accordance with the Schedule.

§ 22

1. After completing the cash settlement process of Transactions, the Clearing Bank sends the SWIFT MT 940 message for the Technical Bank Account in accordance with the Schedule.
2. The Clearing Bank, which submitted a written undertaking to send SWIFT MT 942 and MT 940 messages from the Clearing Bank Account of the Brokerage House or the Commodity Brokerage House, which has obtained the consent referred to in § 4 sec. 2 performs the operations in accordance with the Schedule.

Services for Clearing House Members as part of cash settlement.

§ 23

1. The following bank accounts are dedicated to the provision of financial services to a Clearing House Member:
 - a) Transaction Margin Sub-Account;
 - b) Clearing Bank Account.
2. The Clearing House Member's account, which is credited or debited under Transaction clearing is the Clearing Bank Account, subject to § 21 sec. 6.
3. Transaction Margin Sub-Accounts contains cash, which is the basis for setting Transaction Limits for Clearing House Members. Payments to a Transaction Margin Sub-Account are made by a Clearing House Member.
4. To enable the cash settlement of Clearing House Members in the Clearing Bank, IRGIT has a Technical Bank Account in each Clearing Bank, a Clearing Bank Account in the Settlement Bank and a Deferred Payment Account in the Settlement Bank.

§ 24

1. If, in connection with the clearing of Transactions, a Clearing House Member has:
 - a) net liabilities, then the Clearing Bank Account is debited and the Technical Bank Account is credited;
 - b) net receivables, then the Technical Bank Account is debited and the Clearing Bank Account is credited.
2. Interbank transfers are executed as netted liabilities and receivables of Clearing House Members in the Clearing Bank through the Clearing House's Settlement Bank Account in the Settlement Bank.
3. As part of the cash settlement of Transactions, the cash constituting net liabilities of the Clearing House Member on account of buy Transactions concluded in an auction on Day N, which is charged to the Deferred Payment Account on Day N+21 or on the first business day following Day N+21 if Day N+21 is a statutory holiday and which is transferred to the Bidder or refunded to the Clearing House Member as part of the cash settlement of Transactions, if the Clearing House is informed by the Exchange that the Bidder has failed to correctly perform its obligations under the Transaction concluded as a result of the auction, is credited to the Deferred Payment Account on business Day N+1 or on the first business day following Day N+1 if Day N+1 is a statutory holiday.
4. Payment instructions consistent with Payments Confirmation Reports are sent by the Clearing Bank for execution broken down into two order batches:

a) payment order batch no. 1 – pertains to the cash settlement of Transactions and contains transfer orders debiting Clearing Bank Accounts in the Clearing Bank for the Clearing House Members with not liabilities and debiting the Deferred Payment Account in accordance with sec. 3;

b) payment order batch no. 2 – pertains to the cash settlement of Transactions and contains transfer orders crediting Clearing Bank Accounts in the Clearing Bank for Clearing House Members with net receivables and crediting the Deferred Payment Account in accordance with sec. 3, and interbank transfer orders through the Clearing Bank Account in the Settlement Bank.

§ 25

Clearing House Members, in cooperation with their selected Clearing Banks, are required to maintain and secure appropriate financial liquidity on their Clearing Bank Accounts in a manner that enables the execution of the payment orders referred to in § 24 sec. 4 in accordance with the Schedule.

CHAPTER VII Settlement with commodities

Settlement with agricultural commodities on the ACM.

§ 26

1. On the Trading Day, after completion of the clearing of the Transactions, the Clearing House hands over to the Exchange a file with the balances of liabilities and receivables of individual Clearing House Members, expressed in tons.
2. By 1:30 p.m. on the date of the Transaction, Clearing House Members may make changes in the Clearing System consisting in editing a description of a Transaction and dividing Transaction volumes. Any changes made by a Clearing House Member after the hour determined in accordance with the previous sentence might not be considered by the Exchange.

§ 27

1. Transactions are executed through a change in the balance of agricultural commodities on trading accounts of Clearing House Members in the e-ACM.
2. If a Clearing House Member concludes a Transaction on a client's account, the process of reposting the agricultural commodities is carried out using the client's trading account in the e-ACM.
3. The settlement activities performed by the Clearing House with respect to deliveries of agricultural commodities are deemed performed at the moment when information on Transactions concluded in agricultural commodities is provided to the e-ACM.

Attachment – Schedule

Time	Task	Execution by
Day N		
17:00	Sending SWIFT MT 942 messages to the Settlement Bank (only for the Brokerage House and the Commodity Brokerage House accounts, which were approved in accordance with the principles set forth in § 11 sec. 2 of the ECH Regulations)	Clearing Bank
By 5:30 p.m.	Submission of Payments Confirmation Reports to the Clearing Bank	IRGiT
By 6:00 p.m.	Submission of payment order batch no. 1 for execution	IRGiT
Day N+1		
By 8:30 a.m.	Sending SWIFT MT 940 messages to the Settlement Bank (only for the Brokerage House and the Commodity Brokerage House accounts, which were approved in accordance with the principles set forth in § 11 sec. 2 of the ECH Regulations)	Clearing Bank
By 8:30 a.m.	Posting of the payments from payment order batch no. 1 (internal posting)	Clearing Bank
By 9:00 a.m.	Submission of exclusions of payment orders from batch no. 1	Clearing Bank
By 9:00 a.m.	Sending the SWIFT MT 942 message from the Clearing House's Technical Bank Account to the Settlement Bank	Clearing Bank
By 10:30 a.m.	Submission of payment order batch no. 2 for execution	IRGiT
10:30-12:00	Posting of the payments and remitting the monies in accordance with payment order batch no. 2	Clearing Bank, Settlement Bank
By 12:30 p.m.	Sending the SWIFT MT 942 message from the Clearing House's Technical Bank Account to the Settlement Bank	Clearing Bank
Day N+2		
By 8:30 a.m.	Sending the SWIFT MT 940 message from the Clearing House's Technical Bank Account to the Settlement Bank	Clearing Bank