



# IZBA ROZLICZENIOWA GIEŁD TOWAROWYCH

GUARANTEEING  
SECURITY OF CLEARING  
OF EXCHANGE TRADES

## — LINE OF BUSINESS

Izba Rozliczeniowa Giełd Towarowych (“IRGiT”) provides post-transaction services for commodity and financial markets operated by the Polish Power Exchange (“POLPX”) and ensures safety of transacting on those markets through the clearing guarantee system it operates.

The system solutions and control procedures in place offer effective protection and mitigation of risks related to exchange trading, including those related to the insolvency of exchange participants. Every day, IRGiT processes transactions executed by its more than 60 direct members and nearly 200 clients of brokerage houses, cooperating with 10 payer banks.

Because of the regulatory requirements under Polish law, IRGiT maintains two business lines:



### **Clearing and settlement of financial instruments**

within the meaning of the Act on Trading in Financial Instruments, based on a permit issued by the Polish Financial Supervision Authority (KNF) on 19 April 2010.

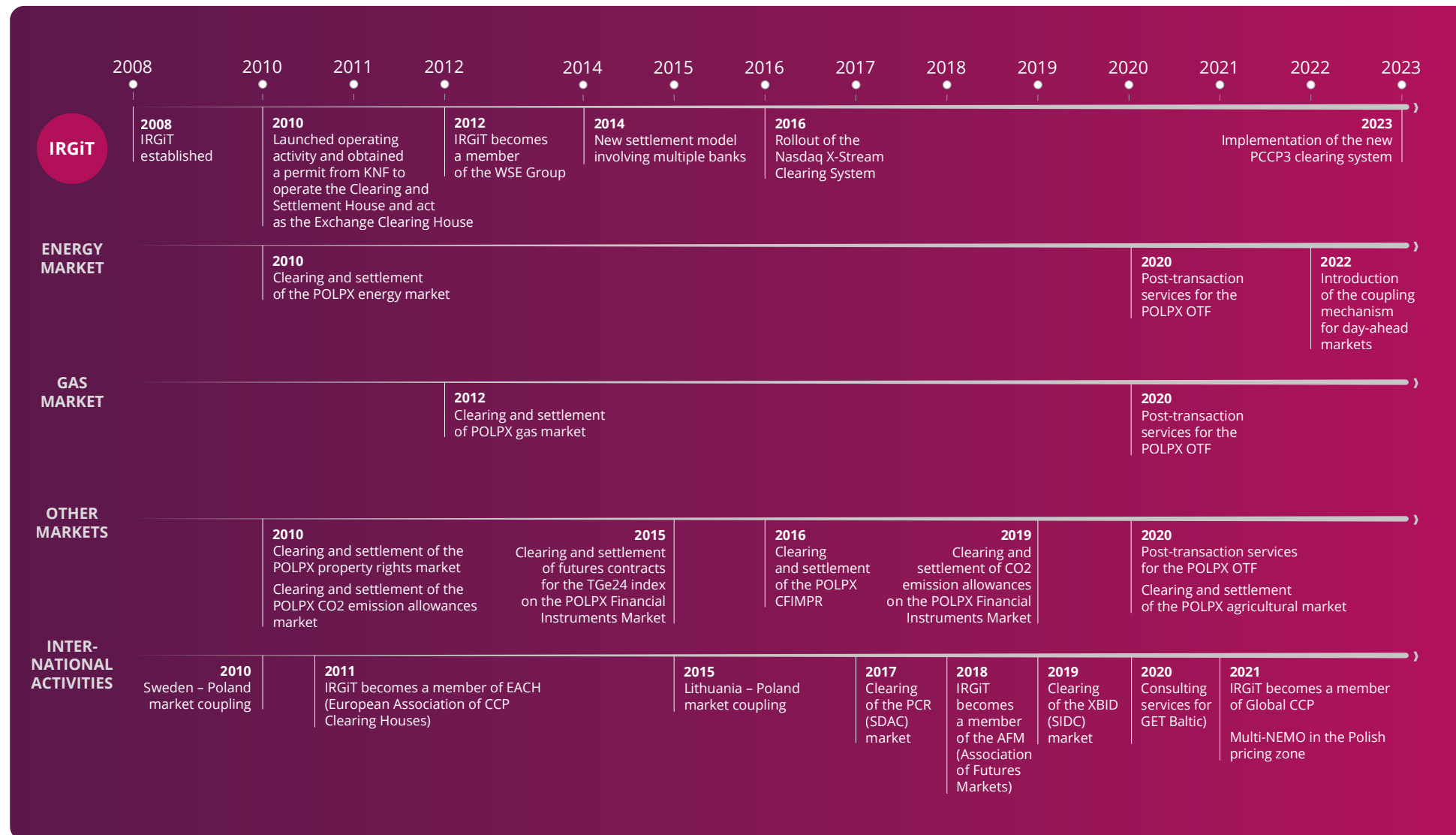


### **Provision of financial services related to exchange commodities and wholesale energy products**

in the Exchange Clearing House within the meaning of the Act on Commodity Exchanges, based on a notification submitted on 19 April 2010 pursuant to Article 68a(14) of the Act on Trading in Financial Instruments.

IRGiT is supervised by the **Polish Financial Supervision Authority (KNF)**.

# IRGiT'S HISTORY



# REGULATORY ENVIRONMENT

IRGiT operates a Clearing and Settlement House on the basis of the provisions of the Act on Trading in Financial Instruments and a permit from the KNF and acts as an Exchange Clearing House as defined in the Act on Commodity Exchanges based on Article 68a sec. 14 of the Act on Trading in Financial Instruments.

All operating activities are carried out by IRGiT within the specific legal frameworks. The main legislative acts regulating IRGiT's operating activity include:

→ Act on Trading in Financial Instruments of 29 July 2005

→ Act on Commodity Exchanges of 26 October 2000

IRGiT also has in place a number of public regulations and procedures, which regulate the individual aspects of its activities in a detailed and clear manner. The most important of those are:



# IRGiT'S OFFER

IRGiT provides clearing support for all markets run by the Polish Power Exchange.

Products and markets cleared by IRGiT



# VOLUME AND VALUE OF TRADES CLEARED

## Volume of trades cleared in 2023



**446 TWh**  
electricity



**493 TWh**  
natural gas



**40 TWh**  
property rights

## Value of trades cleared



# — COLLATERAL SYSTEM IN NUMBERS

Value of contributions to the Guarantee Fund as at 31 December 2023

**PLN 677,098,771.89**



Value of the required collateral margins, after netting within power groups, as at 31 December 2023

**PLN 5,131,549,246.89**



Value of non-cash collateral recognized as collateral margins after the 31 December 2023 update

**PLN 4,511,669,766.52**



## — SETTLEMENT MODEL

### IRGiT performs clearing and settlement for transactions concluded on the markets run by the Polish Power Exchange.

In the clearing process, the value of liabilities and receivables in each completed transaction is determined. Settlement is performed by automatically crediting or debiting bank accounts of parties to exchange transactions.

The cash settlement model is based on the cooperation between IRGiT, the Settlement Bank (SB) and Clearing Banks of, respectively, CSH Members and ECS Members. In the Settlement Bank, IRGiT keeps the collateral margin bank account and the transaction margin bank account. Clearing House Members are obliged to maintain sufficient funds (designated for required margins) in their dedicated sub-accounts.

Clearing House Members keep a clearing bank account in the Clearing Bank selected by them. This is an account that is credited and debited in the transaction clearing process. IRGiT does not monitor balances of the clearing bank accounts of Clearing House Members, so IRGiT's clients are obliged to maintain sufficient funds in the accounts to cover any liabilities when they arise.





## — RISK COMMITTEE

Risk Committee serves as a consulting and advisory body to IRGiT in matters related to regulation or arrangements affecting the management of the risk associated with the provision of clearing services by IRGiT and consequently relating directly to security and effectiveness of the clearing guarantee system.

The Risk Committee is comprised of the representatives of organizations associating Commodity Clearing House's clients, a representative of Polish Power Exchange and a representative of IRGiT. The work performed by the Committee has resulted in 2023 in a number of recommendations setting the direction of development for the clearing guarantee system. Excerpts from the minutes of the Risk Committee meetings are published on IRGiT's website ([irgit.pl](http://irgit.pl)).



## — RISK MANAGEMENT IN IRGiT

IRGiT's Risk Management System is based on international standards and recommendations (CPMI-IOSCO) and consists of several interconnected elements.



# CLEARING GUARANTEE SYSTEM AT IRGiT

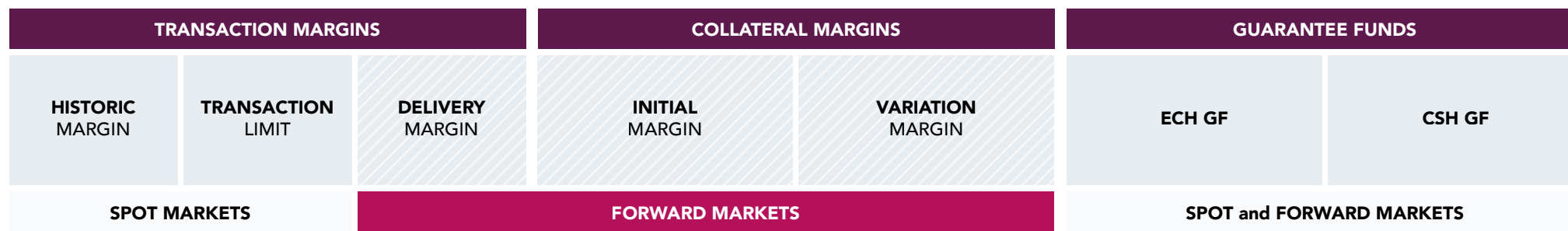
The clearing guarantee system consists of three main elements: transaction margins, collateral margins and guarantee funds.

A Clearing House Member provides collateral to cover its risk exposure, presented as the theoretical cost of closing out its positions if an event of default occurs and the member is unable to pay its liabilities. The role of transaction margins is to secure financial settlement of concluded transactions.

The main element of transaction margins is the transaction limit, which allows market participants to trade on the main spot markets.

Collateral margins are used to secure the current risk exposure associated with the potential costs of closing out the forward contract portfolio under normal market conditions. Collateral margins in IRGiT are calculated using the possible efficient method, in particular through the implementation of cross-product netting and collateral margin netting within Power Groups.

The nature of cash in a guarantee fund is different from the one of cash collected as transaction margins and collateral margins. Margins may be used exclusively to cover losses of a Clearing House Member, which has been found to be in default, while the guarantee fund is a joint and several resource and may also be used to cover losses incurred by other market participants. The purpose of the guarantee fund is to cover the risk exposure associated with potential costs of closing out the portfolios of market participants that would exceed other contributed collateral.



**BID BOND**  
for some transactions concluded on the Agricultural Commodity Market

A detailed algorithm for calculating margins and the guarantee fund is provided in IRGiT’s regulations available on its website. IRGiT additionally provides the tools facilitating the estimation and forecasting of the required collateral.

# — COLLATERAL TYPES

Clearing House Members may contribute collateral in either cash or non-cash form.

The catalog of non-cash collateral accepted by IRGiT includes:



**Bank guarantees  
(liquidity class I and II)  
in PLN and EUR**



**CO2 emission  
allowances  
(EUAs)**



**Property Rights under  
Certificates of Origin  
(PMOZE\_A)**



**Funds  
in EUR**



Collateral acceptable in accordance with the rules set forth in the Act of 2 March 2020 on special solutions related to prevention and combating of COVID-19, other communicable diseases and crises caused by them (Journal of Laws 2020 Item 1842, as amended), i.e.:

- surety of a company from a group of companies, which is a parent company, within the meaning of Article 4 item 3 of the Competition and Consumer Protection Act of 16 February 2007, of the entity, to which such surety is extended, and holding a credit rating specified in the Act within the meaning of Article 3(1)(a) of the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (OJ EU 302 17.11.2009, page 1, as amended), which attached to the surety agreement a bank guarantee or a statement of submitting to enforcement under art. 777 § 1 item 5) of the Code of Civil Procedure prepared in the form of a notary deed
- a statement of submitting to enforcement under art. 777 § 1 item 5) of the Code of Civil Procedure prepared in the form of a notary deed may now be provided also by a Clearing House Member having an appropriate credit rating or a Clearing House Member performing the obligation referred to in Article 49a sec. 1 of the Energy Law Act of 10 April 1997.

# — ESG STRATEGY

The awareness of multi-dimensional responsibility resting on companies is increasing from one year to another. Accordingly, IRGiT, along with the entire WSE Group, not only focuses on developing its business in a sustainable manner, but also has a significant impact on promoting responsible behaviour, including by educating market participants and fostering valuable attitudes.

The „ESG Strategy of the WSE Group 2025”, which has been implemented in the WSE Group, defines the ambitions and goals in the area of sustainability for the years 2022-2025 for all companies of the WSE Group, including IRGiT.

**ESG Strategy of the  
WSE Group sets out the  
directions in three pillars:**



## **E – ENVIRONMENTAL**

The WSE Group Climate Policy adopted in 2021 sets out the main directions for the activities of the Group, including IRGiT, in order to prevent adverse climate change and defines the approach to managing environmental issues and accountability in this area.



## **S – SOCIAL**

The organizational culture of IRGiT and the entire WSE Group is based on engagement, values and effective internal communication and investment in the continuous development of employee competencies. IRGiT simultaneously focuses on educational activities, promotion and information related to the commodity market. In the pursuit of its social objectives, IRGiT adopted in particular:

- **Anti-Mobbing Policy,**
- **Diversity Policy for Employees,**
- **Diversity Policy for the Management Board and Supervisory Board.**



## **G – GOVERNANCE**

One of the goals of IRGiT and the entire WSE Group is to apply high standards of corporate governance, including communication. Accordingly, IRGiT continuously improves its governance systems, rules and regulations, which support sustainable development and affect cooperation with external entities based on transparent guidelines. In the pursuit of the objectives of this pillar, IRGiT adopted in particular:

- **Code of Ethics**
- **Anti-Corruption Policy**
- **Whistleblowing Procedure**
- **Regulations for accepting and examining complaints at IRGiT**



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