

Amendments to IRGiT regulations

Summary

The Commodity Clearing House ("IRGiT") is amending the Detailed Clearing and Settlement Rules of the Exchange Clearing House ("Detailed Clearing and Settlement Rules"). In particular, it has adapted the provisions concerning non-cash collateral accepted by IRGiT in connection with the coming into force of an amendment to 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 2021 Item 2095, as amended).

The amendments will come into effect as of 28 January 2022.

Detailed description of the amendments

- 1. Adaptation of the provisions on non-cash collateral accepted by IRGiT in connection with the coming into force of an amendment to Article 31zzh sec. 8 of 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 2021 Item 2095, as amended) (hereinafter, the "Act").**

§ 34b of the Detailed Clearing and Settlement Rules of the Exchange Clearing House (hereinafter, the "Clearing and Settlement Rules") has been amended to reflect the change in the rules for recognizing non-cash collateral introduced by the Act. Accordingly, a statement of submitting to enforcement under art. 777 § 1 item 5) of the Code of Civil Procedure (CCP) prepared in the form of a notary deed may now be provided also by a Clearing House Member performing the obligation referred to in Article 49a sec. 1 of the Energy Law Act of 10 April 1997.

At the same time, § 35 and § 36 of the Detailed Clearing and Settlement Rules pertaining to non-cash collateral concentration limits have been modified. They will now envisage a limit at 75% of the required collateral margin for collateral provided in the form of a notary deed containing the Clearing House Member's statement of submitting to enforcement under art. 777 § 1 item 5) CCP and in the form of a surety extended by a parent company.

Moreover, in § 36 sec. 8 of the Detailed Clearing and Settlement Rules a concentration limit has been added at the level of the entity submitting to enforcement under art. 777 § 1 item 5) CCP. This limit has been set for the total amount of all collateral submitted in this form, and is equal to the amount of equity stated in the current standalone financial statements of the entity submitting to enforcement.

Since the Act also requires extension of the time period, in which IRGiT will accept the additional forms of non-cash collateral, until 31 March 2023, the forms of Clearing House Member's statement of submitting to enforcement under art. 777 § 1 item 5) CCP and the forms of parent company surety agreements have also been updated.

Please note that, as previously announced, the aforementioned non-cash collateral submitted by a Clearing House Member on the basis of the previous form will be accepted by IRGiT until 30 June 2022. In order to take advantage of the extended time period, in which IRGiT will accept these forms of non-cash collateral, the statement on submission to enforcement or the parent company surety agreement, respectively, must be submitted on the new forms published on IRGiT's website.

2. Change of the method of publication of parameter m_{FGGIR} used for proportional allocation of the Guarantee Fund pool among Clearing House Members

§ 37 sec. 5 of the Detailed Clearing and Settlement Rules has been amended to change the manner of publication of parameter m_{FGGIR} , which will be published in the reports provided to Clearing House Members concerning the updates of their guarantee fund contributions.

You are welcome to contact us with any questions that you may have.

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