



Amendments to IRGiT regulations

Summary

IRGiT S.A. ("IRGiT") makes amendments to the Regulations of the Exchange Clearing House (Commodity Market) ("ECH Regulations") and to the Detailed Clearing and Settlement Rules of the Exchange Clearing House ("Detailed Clearing and Settlement Rules"), in particular as a consequence of the possibility to use the Guarantee Fund to support the current mechanisms for ensuring clearing liquidity, and changes to the rules for calculating recognition factors for non-cash collateral contributed towards collateral margins. Amendments were also made to the historic margin and the Table of Fees and Charges.

The amendments will come into effect as of 1 January 2024.

Detailed description of the amendments

Description of the amendments to the Regulations of the Exchange Clearing House (Commodity Market)

1. Amendments to § 37 sec. 7 and 8 of the ECH Regulations regarding the historic margin

The purpose of the amendments is to enable a possible extension of the application of the historic margin mechanism to other groups of instruments in connection with the introduction of the Intraday auction on the electricity market (IDA) at the Polish Power Exchange, which is planned for 2024. In addition, the amendment will enable the introduction of the planned transaction netting mechanism for transactions concluded on the DAM under Market Coupling and transactions concluded in Fixing I and continuous quotation on the DAM. The detailed provisions on these matters will be set forth in the Detailed Clearing and Settlement Rules of the Exchange Clearing House.

2. Addition of § 43a and amendment to § 43, § 45g and § 45o of the ECH Regulations to enable the Guarantee Fund's liquidity pool to be set aside for the purposes of supporting clearing liquidity

In the added § 43a, IRGiT envisages that the resources of the Guarantee Fund may be set aside and dedicated for the purpose of enhancing the safety of clearing by supporting the liquidity assurance mechanisms in place in IRGiT. The amount of the liquidity pool will depend on a specific monthly amount of payments by Clearing House Members to the Guarantee Fund and will not exceed 30% of that amount. The Guarantee Fund's liquidity pool will be used in accordance with the rules similar to those, under which IRGiT's own funds are used (and repaid); therefore, the provisions of § 45o and § 45g of the ECH Regulations have been adapted accordingly.

The purpose of the amendments is to enable the use of the Guarantee Fund in a situation in which clearing liquidity needs to be ensured (despite the absence of credit risk) and to minimize the risk of a situation, in which financial settlement of the concluded transactions would have to be suspended due to a lack of liquid funds in the clearing guarantee system.

The above amendment is in line with the recommendation of the IRGiT Risk Committee of 17 October 2023.

At the same time, in connection with the setting aside of the Guarantee Fund's liquidity pool to support clearing liquidity, the content of the Rules of Conduct in case of an Event of Default has changed. The amended wording of the Rules is available on IRGiT's website.

3. Amendments to the Table of Fees and Charges,

In section II of the Table of Fees and Charges concerning fees for clearing and settlement of transactions concluded on the Exchange or of OTC deals, the amendment changed the annual clearing fee for transactions in which Gas is traded – the new rate is PLN 30,000.

The amendment also changed the rules for calculating the fee 3.2 in section III of the Table. The fee will be charged quarterly on the recognized non-cash collateral, at 0.02% of the base amount, according to the balance on the individual days of the calendar quarter, but not more than PLN 30,000.

Additionally, in Section III of the Table, the amendment abolished: the fee for the registration of non-cash collateral in the collateral register (charged for each type of collateral contributed) and the monthly fee for managing collateral contributed in the form of bank guarantees.

Description of amendments to the Detailed Clearing and Settlement Rules of the Exchange Clearing House

1. Amendments regarding the Guarantee Fund's liquidity pool

Sections 18 and 19 were added to § 37 of the Detailed Clearing and Settlement Rules describing the rules for setting aside a liquidity pool within the Guarantee Fund with the purpose of supporting clearing liquidity of the transactions secured by the Guarantee Fund. The liquidity pool will amount to 30% of the Guarantee Fund's resources and will be kept on the Settlement Bank's account, earning interest according to the same principles as the funds kept on transaction margin and collateral margin bank accounts.

§ 38a added to the Detailed Clearing and Settlement Rules describes the rules of conduct in the case of the need for liquid funds. In the event that the liquidity pool is used for liquidity purposes, these funds may be transferred to the transaction margin bank account at the Settlement Bank kept for the Clearing House Member that caused the need to use the earmarked resource to ensure clearing liquidity. Pursuant to § 38a sec. 2, all benefits from the positive interest received on the funds used for liquidity purposes will be paid to the Clearing House Members in proportion to their share in the Guarantee Fund's assets.

2. Changes regarding recognition factors for non-cash collateral contributed towards collateral margins

In § 35 sec. 1 of the Detailed Clearing and Settlement Rules, the amendment updated the model for calculating recognition factors for non-cash collateral contributed towards collateral margins. The changes are designed to optimize the value of the factors, while maintaining high standards of security.



The recognition factors for non-cash collateral contributed for collateral margins – in the form of Property Rights from Certificates of Origin, CO2 emission allowances, bank guarantees of first and second liquidity classes and the euro currency – will be specified in the Risk Management Department’s communications that are currently published. The recognized value of the aforementioned non-cash collateral contributed towards collateral margins may not exceed the percentage specified in the communication. The communication containing the updated values of the recognition factors for non-cash collateral contributed towards collateral margins will be published on the IRGiT website in a dedicated “Parameters” tab [\(link\)](#).

The introduction of the new rules for calculating the recognition factors for non-cash collateral contributed towards collateral margins fulfills a recommendation issued by the IRGiT Risk Committee.

The above amendments will come into effect as of 1 January 2024.

Please feel free to contact us with any questions you may have.

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