SETTLEMENT SYSTEM RULES
PXE SETTLEMENT RULES

Version 2

Effective as of 5 November 2011

SECTION GENERAL

CHAPTER I
GENERAL PROVISIONS

Article 1
Scope of application

1. Centrální depozitář cenných papírů, a.s., with registered office at Rybná 14, Prague 1, ID No. 25081489 (hereinafter the "**Central Depository**"), is the operator of the settlement system with irrevocable settlement (hereinafter the "**Settlement System**") within the meaning of Art. 90 et seq. of Act No. 256/2004 Coll., on trading on the capital market, as amended (hereinafter the "**Act**").
2. This part of the Central Depository Settlement System Rules (hereinafter "**Rules**") regulates the settlement of trades concluded on the regulated market (hereinafter "**Trades and Transactions**") organized by Power Exchange Central Europe, a.s. (hereinafter the "**Exchange**" or "**PXE**"), the settlement of OTC trades involving commodity contracts, conditions for participation in the Settlement System, the rights and duties of participants in the Settlement System and other activities relating to settlement, as well as other requisites imposed on the Settlement System by law.
3. The rules are binding for the Central Depository and for all Clearing and Non-Clearing Participants in settlement.
4. Where the rules of the Central Depository or the Exchange or other contractual documents of these entities refer to the "Settlement Rules" or the "Clearing Rules", this shall mean these rules. Where these rules of the Central Depository or the Exchange or the contractual documents of these entities use the terms "settlement or clearing, etc." in connection with the settlement of mutual rights or the settlement of mutual debts arising from trades with investment instruments, this shall mean the settlement of trades with investment instruments as defined by law.

Article 2
Definitions

1. **Exchange** – Power Exchange Central Europe, a.s.
2. **Exchange Day** – the business day on which trades are conducted on the Exchange in accordance with the Exchange Trading Calendar[1].
3. **Exchange Trade** – the purchase or sale of a product by a person or entity entitled to carry out trades concluded on the Exchange during a trading session.
4. **Central Counterparty** – the exclusive counterparty for all concluded Exchange trades.
   a) As regards the trading of products with financial settlement and futures trades, as well as daily products with physical delivery in the Czech Republic - CENTRAL COUNTERPARTY, a.s., with registered office at Rybná 682/14, Prague 1, 110 05, ID No. 27122689,
   b) for registered hourly products concluded on the Common Day-Ahead Market of OTE and Exchange – Energy Clearing Counterparty, a.s., with registered office at Rybná 682/14, Prague 1, 110 05, ID No. 28441681,
   c) for trades with physical delivery in Slovakia – Central Clearing Counterparty, a.s., with registered office at Rybná 682/14, Prague 1, 110 05, ID No.: 28381696, and
   d) for trades with physical delivery in Hungary – Energy Clearing Counterparty, a.s., with registered office at Rybná 682/14, Prague 1, 110 05, ID No.: 28441681.

[1] *Exchange Regulation - Trading Rules*

5. **Clearing Participant** – a settlement participant responsible for the unconditional fulfilment of the liabilities arising from the settlement of Exchange trades for a trading participant that has signed an agreement for the settlement of exchange trades with the participant.
6. **Time Schedule** – a description of individual settlement phases from the viewpoint of the settlement participants, 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.
7. **Daily Settlement Price** – the price calculated using the Exchange's Commodity Contract Standardization.
8. **Final Settlement Period** – for products with physical settlement, the period of actual physical supply/offtake of electricity resulting from trades concluded on the Exchange; for products with financial settlement, the maturity period of the relevant contracts resulting from concluded exchange trades.
9. **Final Settlement Price** – the price calculated using the Exchange's Commodity Contract Standardization.
10. **EUR Settlement Bank** – the bank authorized by the Central Depository to carry out the settlement of payments in EUR. The EUR Settlement Bank keeps EUR accounts of the Central Depository and of the Clearing Participants for the purpose of settling obligations arising from Exchange trades.
11. **Non-Clearing Participant** – a trading participant who is not a Clearing Participant.
12. **Product** – a commodity contract defined by the Exchange's Commodity Contract Standardization.
13. **Registration with TSO** – the registration of a physical supply/offtake resulting from concluded trades.
    a) For the supply/offtake in the Czech Republic, this means registration by implementation with OTE.
    b) As regards the supply/offtake in Slovakia, this means the registration of daily diagrams with SEPS.
    c) As regards the supply/offtake in Hungary, this means the registration of diagrams with MAVIR.
14. **Settlement Agreement** – an agreement between a Clearing Participant and a Non-Clearing Participant on providing the settlement of obligations arising from Exchange trades.
15. **TSO (Transmission System Operator)** – a market operator or transmission system with which the registration of physical supply/offtake of electricity resulting from concluded Exchange trades is performed.
    a) For the registration of supply/offtake in the Czech Republic, this is Operátor trhu s elektřinou, a.s. (hereinafter "**OTE**").
    b) For the registration of supply/offtake in Slovakia, this is Slovenská elektrizačná prenosová sústava, a.s. (hereinafter **"SEPS"**).
    c) For the registration of supply/offtake in Hungary, this is Magyar Villamosenergia-ipari Átviteli Rendszerirányító Zártkörűen Működő Részvénytársaság (hereinafter "**MAVIR**").
16. **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.
17. **Accounting Day** – a day on which settlement processes are in progress in accordance with the time schedule. The Accounting Day begins at 5pm on one settlement day and ends at 5pm on the following settlement day. The schedule of settlement days is identical to the Exchange Day schedule and is specified on the Exchange website.
18. **Product Validation** – validation of the existence of products on asset accounts for the settlement process.
19. **Exchange Newsletter** – a bulletin issued periodically by the Exchange and distributed to Trading Participants and Clearing Participants.

20. **Settlement of Exchange Trades** – the set-off of mutual trades of products or the settlement of mutual debts arising from these trades based on the transfer of products or money, especially 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. The settlement is carried out in euros.

Article 3
Conditions for participation in settlement system – Clearing Participant

1. The Clearing Participant in the settlement system (the "**Clearing Participant**") may only be a person specified in law[2] who has concluded a Participation Agreement regarding the PXE Settlement System with the Central Depository, or an Agreement on Participation in the Clearing System regarding the trades concluded on the Prague Energy Exchange (hereinafter the "**Clearing Participant Agreement"**) and who meets the requirements of such rules or the law with respect to the Clearing Participant.
2. The Clearing Participant agrees that all relationships arising from participation in the Settlement System are governed by Czech law. There is no legal claim to participation in the Settlement System.
3. Each Clearing Participant must meet the following conditions:
   a) be a bank with its seat in an EU Member State or with a branch in the Czech Republic pursuant to the provisions of Act No. 21/1992 Coll., on banks;
   b) be technically connected to the communication environment of the Exchange in accordance with the special regulation[3];
   c) have an account opened with the EUR Clearing Bank;
   d) establish for the Central Depository the right to transact with the participant's account in EUR with the Clearing Bank, which will entitle the Central Depository to debit the respective account.
4. The agreement must be entered into in writing. A draft of the Clearing Participant Agreement is available on the Central Depository's website.
5. Promptly upon concluding a Clearing Participant Agreement, the Central Depository shall allocate to each Clearing Participant a Clearing Participant registration number (hereinafter the "**CMI**"), which the Clearing Participant shall state whenever services provided by the Central Depository in relation to the settlement of trades are used.

Article 4
End of participation in 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.
2. Participation in the settlement system shall end upon termination of the Clearing Participant Agreement in accordance with paragraph 4 of this article, but not 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 Clearing Participant being terminated, and all other payments relating to the participation of the Clearing Participant being terminated in the Settlement System.
3. The Clearing Participant Agreement may be terminated:
   a) by means of a notice to terminate the agreement by the Clearing Participant;
   b) as the result of a decision by the Central Depository's board of directors; or
   c) due to loss of eligibility to be a Clearing Participant.

[2] *Art. 84 (1) of the Act*
[3] *Exchange Regulations – Communication Connection of PXE Participants to ATS*

4. The Clearing Participant Agreement shall be terminated on the day set forth in the request referred to in paragraph 3 a) above but not earlier than 6 months after the delivery of the Clearing Participant's notice, 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 3 b) above, or as of the date stated in the decision on termination of participation in the case of the loss of the Clearing Participant's eligibility to be a Clearing Participant in accordance with paragraph 3 c) above. The Central Depository shall publish a notice of termination of the Clearing Participant's participation in the Settlement System on its website.
5. The Central Depository's board of directors shall be entitled to decide on the termination of participation in the Settlement System pursuant to paragraph 3 b) above if the Clearing Participant violates its duties established under the Clearing Participant Agreement or from these Rules so seriously that the violation causes damage to or jeopardises the activities of the Central Depository, the Exchange, the Central Counterparty, another Clearing Participant or any Non-Clearing Participant.
6. A Clearing Participant whose Clearing Participant Agreement is terminated for any reason shall immediately report this fact in writing to all Non-Clearing Participants with which it has concluded agreements on the settlement of Exchange trades, terminate contractual relations with them, and invite them to conclude agreements on the settlement of exchange trades with other Clearing Participants.
7. Termination of a settlement agreement shall not affect any rights and obligations arising therein.

Article 5
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 Regulations, 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 the settlement of Exchange trades applicable to a Non-Clearing Participant with whom it has concluded a settlement agreement.
3. The Clearing Participant is entitled to request that the Central Depository provide its assistance in the settlement of trades and for the provision of other 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 close all open positions of this Trading Participant, if this 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 this 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 35.
6. The Clearing Participant must meet all technical prerequisites in accordance with the special exchange regulation[4].
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 this fact by sending a fax or e-mail. This notice shall be confirmed by the subsequent delivery of its original by post or in person.

[4] *Exchange Regulations – Communication Connection of PXE Participants to ATS*

9. The Clearing Participant shall notify the Central Depository of changes 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 the revocation of a banking licence;
   b) proposal for the cancellation of a Clearing Participant, change in the subject of enterprise, initiation of bankruptcy proceedings or proceedings on settlement permitting or instituting receivership;
   c) initiation of bankruptcy proceedings or institution of receivership;
   d) 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 the Clearing Participant becomes aware of them. Each fax or electronic notice must be confirmed by the subsequent delivery thereof by post 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 9 arose.
11. The Clearing Participant must fulfil the conditions of participation for the entire period of participation in the Settlement System.
12. The Clearing Participant has additional rights and obligations as set forth in the rules.
13. During the activities described in the previous paragraph, only persons who have been duly authorized to act with the Central Depository may act on behalf of the Clearing Participant.
14. All the data the Clearing Participant is obliged to present to the Central Depository in accordance with this regulation are of a confidential nature and may only be used for the purposes of participation in the Settlement System.

Article 6
Disciplinary measures against Clearing Participants

1. If the Clearing Participant breaches the 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 on the Clearing Participant:
   a) a written reprimand;
   b) a penalty fee in the amount set forth in the Fee Regulations;
   c) publication of the fact that the Clearing Participant has breached these Rules;
   d) suspension of participation in the Settlement System;
   e) cancellation of participation in the settlement system.
2. The proceedings for imposing any of these measure may be commenced within six months after the date the Central Depository’s board of directors learns of the facts decisive for imposing these measures, but no later than two 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 (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 the measure.
5. The measure referred to in paragraph 1 (e)) above may be imposed only in the case of a breach of the obligation specified in Article 4 (5) hereof.
6. Proceedings for imposing the aforementioned measures are not open to the 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. The decision to impose the measure may also include the publishing of that decision on the Central Depository's website.
10. The Clearing Participant is not entitled to appeal against the decision imposing such a measure. The Clearing Participant's right to petition a court to annul the Central Depository's decision remains unaffected.
11. As of the day on which the resolution on suspension of participation or on the cancellation of participation in the Settlement System takes effect, the Clearing Participant is deprived of the right to use the Settlement System to which he is entitled according to this rules, unless the resolution states otherwise.
12. The Central Depository will immediately inform the Exchange and all participants in the Settlement System of the situation anticipated in the previous paragraphs and of imposed measures.

Article 7
Conditions for the commencement of participation in Settlement System – Non-Clearing Participant

1. A Non-Clearing Participant is entitled to enter the Settlement System solely through a Clearing Participant with the exception of the unsecured settlement regime under Article 9.

Article 8
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 is entitled to receive information from the Settlement System concerning the Exchange trades it has concluded and the related cash transfers. This information shall be provided to the Non-Clearing Participant 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 9
Unsecured settlement regime

1. A Non-Clearing Participant enters the unsecured settlement regime upon the termination of the agreement on the settlement of Exchange trades as a consequence of termination of the Clearing Participant Agreement for reasons stated in Article 4, paragraph 3 (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 the uninterrupted unsecured settlement regime shall be 15 calendar days. The unsecured settlement regime shall terminate upon:
   a) the execution of a new agreement on the settlement of Exchange trades; or
   b) the closing of all of the Non-Clearing Participant's positions in accordance with Article 36; or
   c) the 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 the Non-Clearing Participant after the expiration of the last day of the relevant 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 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 Exchange 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 38 relating to a Non-Clearing Participant in the unsecured settlement regime shall be set at one-half of their regular amount.

CHAPTER II
FEE REGULATIONS

Article 10 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 2 – "Fee Regulations". The provided services are taxed according to the Fee Regulations and fee schedule effective at the time the services are provided.
2. The Central Depository is obliged to inform all Clearing Participants electronically of any change in the Fee Regulations 30 days before the effective date of the change and to publish the change on its website.

Article 11
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 the special Exchange regulation[5].

Article 12
Fee payers and fee structure

1. The Clearing Participants are the persons obliged to pay fees.
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 notice to terminate its participation in the Settlement System under Article 4 (4).

Article 13
Fee rates

1. The amount of fees is fixed or calculated in accordance with an established formula.

[5] *Fee Regulations and Fee Schedule of Power Exchange Central Europe, a.s.*

2. Individual fees and their amounts, or the algorithms for their calculation, are contained in the Fee Regulations.

Article 14
Payment terms for fees

1. The fees given in Article 12 (2) (a) and (b) are due upon the issue of the relevant decision and within 15 days after the Central Depository's issues the relevant invoice.
2. The fee given in Article 12 (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 stated in Article 12 (2) (d)) is due on the next accounting day after the fee is assessed.

Article 15
Method of paying fees

1. The fee stated in Article 12 (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.

Article 16
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 by means of 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 the case that any telephone or fax number changes, the Central Depository is obliged to electronically inform all Clearing Participants and to publish the change on its website.

Article 17
Central Depository's website

1. The Central Depository shall publish the following information on its website at (www.cdcp.cz):
   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.
   d) Other data as indicated in the present Rules.

CHAPTER III
SETTLEMENT SYSTEM RISKS

Article 18
Settlement system risks

1. The Settlement System may be exposed to system risk, operational risk, liquidity risk and, possibly, credit risk. The Central Depository regularly monitors, measures and evaluates these risks. Following the identification and evaluation of risks, the Central Depository adopts measures to effectively eliminate the risks, minimize negative impacts on other participants, or remedy the defective condition and penalize the offenders, if any.

2. In order to eliminate or minimize the risks associated with settlement, the Central Depository has created a system of inspection and measurement as an independent third party that manages and supervises the settlement process.
3. Operational risks are minimized in the Central Depository, especially by using the following means and measures:
   a) Strictly limiting staff access to the rooms of the main and backup IT centre, with the use of an electronic security system, and granting access to only a limited number of employees.
   b) Ensuring the security of buildings where the main and backup IT centre is located.
   c) Placing the main and backup IT centre in physically separated locations.
   d) The existence of alternative power sources.
   e) Purchasing reliable technology exclusively from reputable vendors.
   f) The connection of the main and backup computer using MIMIX, which enables the database of these computers to be updated in real time, i.e. during a business day.
   g) The duplicate storing of data on discs ("**disk mirroring**").
   h) Regular database archiving.
   i) Regular auditing of the information system.
   j) Use of journaling mechanisms, i.e. the creation and keeping of reports regarding the access to individual systems and changes in the database.
   k) Checking the access rights to systems from the perspective of end users (so-called profiles).
   l) The automated processing of tasks using auto-control procedures which highlight the unfinished processes or non-standard situations, significantly reducing the need for operator interventions and hence the human error factor.
   m) By means of Clearing Participants who regularly compare their own records.
4. The Central Depository is not a Central Counterparty and is therefore not exposed to the credit risk of settlement participants. Other entities fulfil the function of a Central Counterparty. The following are the basic tools to reduce settlement risks and therefore reduce liquidity and credit risks:
   a) The determination of the rights and responsibilities of Settlement System participants based on these rules.
   b) The finality of settlement and the DVP principle.
   c) Central Counterparty.
   d) The management of the system of material guarantees.
   e) The application of limits for trading participants.
   f) Procedures in the failure of the Settlement or Trading Participant.
   g) The determination of fees and penalties in the event of the participants' non-compliance.
   h) Separate accounting for entrusted funds and investment instruments.
5. System risks are reduced thanks to the Settlement System's participation principle. Clearing Participants in the Settlement System can only be entities licensed and supervised by the Czech National Bank or by another European regulator that employs instruments to prevent the collapse of the financial system or market. Strict adherence to the participation principle, and strict selection of persons satisfying the criteria for compliance with statutory requirements or the requirements of these rules, including the technical and disclosure duties, thus reducing system risk.
6. The Central Depository's activities related to risk management include the calculation and management of the clearing fund and the administration of the system of margin deposits and material guarantees. Not only is the Central Depository authorized to make use of the guarantee instruments, but the Central Depository also manages the guarantee funds in accordance with pre-defined rules. Thus, it may affect the form of the funds managed according to liquidity needs, and use them without delay after an infringement by any participant is detected.

7. The Settlement System requires the determination of trading limits and the monitoring of their compliance by the Exchange. Setting limits on Exchange trades helps preventively reduce the participant’s credit risk.
8. The Central Depository has developed internal procedures for various cases of participant failure or other emergencies. The Risk Management Committee is authorized to carry out assessments and propose procedures in emergency cases; its members are appointed by the Chief Executive Officer of the Central Depository.
9. The penalty charges imposed by the Central Depository upon the participant’s non-compliance are an effective tool in motivating participants to properly fulfil their duties. The Central Depository shall ensure that increased fees are effectively motivating, but that they are not prohibitive for participants.
10. In accordance with the law, the Central Depository shall separate its own resources from the resources entrusted to the Central Depository by participants for the purpose of trade settlement.

CHAPTER IV
CENTRAL COUNTERPARTY

Article 19
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 35 hereof.

CHAPTER V
CLEARING FUND

Article 20
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 from 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 in a bank account established by the Central Depository for these purposes and kept with the EUR clearing bank (hereinafter the “**clearing account**”).

Article 21
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 the settlement of Exchange trades.

Article 22
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) Initial deposit and
   b) Supplementary deposit, if so prompts the Central Depository.
2. The initial deposit of the Clearing Participant is EUR 350,000. The Clearing Participant shall pay the initial deposit into the clearing account 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 request the Clearing Participant to double the initial deposit for a period no longer than 2 months.
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 is the same for all participants. Each Clearing Participant shall be obliged to make the requested deposit no later than on the accounting day following the Central Depository's request.
5. The maximum amount of the supplementary deposit of the Clearing Participant is 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.

CHAPTER VI
KEEPING RECORDS OF PRODUCTS

Article 23
Records

1. The Central Depository shall establish accounts for Trading Participants (hereinafter the "**account**") for registering products accepted into the Central Depository's registers for settlement purposes (hereinafter the "**records**").

Article 24
Accounts

1. The Central Depository shall establish at least one account for every Trading participant which contains:
   a) RCU of trading participant;
   b) account no.;
   c) identifier of account owner;
   d) product name;
   e) product quantity.
2. The account owner's identifier means the identification number of a legal entity, or AIN.

Article 25
Record keeping method

The Central Depository shall keep records in data files in its computer system.

CHAPTER VII
SETTLEMENT OF EXCHANGE TRADES

Article 26
Order for settlement and its requisites

1. The Exchange puts the matched orders for settlement of closed Exchange trades in the Settlement System.
2. The orders for settlement are passed on to the Settlement System by means of data communication or on the basis of a special agreement.
3. Orders for settlement must include the following:
   a) product identification;
   b) RCU (counterparty's);
   c) number of products;
   d) agreed price for one product;
   e) order direction (purchase or sale);
   f) settlement date;
   g) identifier of the owner of the account from which/to which the products shall be transferred;
   h) number of the account from which/to which the products shall be transferred.

Article 27
Irrevocability of the order for settlement

1. The order for settlement is considered as accepted in the Settlement System from the moment the Central Depository commenced settlement by the validation of products for settlement.
2. The participant must not unilaterally recall the order once admitted to the Settlement System.
3. By commencement of settlement, the Central Depository is responsible for securing the Settlement System against any attempt to unilaterally recall the order for settlement. No order that may unilaterally revoke a settlement order will be accepted by the Settlement System.

Article 28
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 (hereinafter the "**power futures**"). For the purposes of these rules a trade for prompt electricity delivery means a trade concluded on the spot market with a physical delivery of electricity (hereinafter the "**spot contract**").
3. The settlement of power futures with physical settlement means the registration of these contracts 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. The settlement of power futures with financial settlement means the registration of these futures on accounts kept by the Central Depository, the daily settlement of price changes, and the final settlement during the maturity period of these contracts.
5. The settlement of spot contracts means the 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 29
Participant in the settlement of trades

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 9.

Article 30
Registration of concluded trades

1. At the end of each Exchange day the Central Depository shall take over from the Exchange for the purpose of settlement the electronic file of orders for settlement of all the closed trades on the given Exchange day.
2. Based on the 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 31
Time schedule for the settlement of trades

1. The settlement is carried out in accordance with the Time Schedule for Settlement, which is Annex 1 hereto.

Article 32
Transfers of financial means

1. The Central Depository shall issue orders to debit or credit Clearing Participants' accounts kept at 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;
   b) the daily settlement of price changes relating to each power futures contract concluded on the relevant Exchange 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 Exchange day;
   e) the total sum of trading and settlement fees payable pursuant to the Fee Regulations of the Exchange and the Central Depository.
3. The Central Depository shall provide information on the cash positions, itemized in accordance with paragraph 2 of this article, to the Trading Participants and the Clearing Participants, who are informed of 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 33
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 registration with OTE.

2. Every accounting day the Central Depository shall hand over to the Exchange instructions for registration with OTE for the next accounting day and all calendar days prior to this accounting day.
3. In the case of OTE's refusal to register due to the Trading Participant's default, the 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 35 or, in the case of failure to conclude the substitute trade, any losses from the settlement of deviations carried out by OTE that arise to the Central Counterparty due to non-registration of the relevant delivery with OTE. Non-registration in which the defaulting Trading Participant is in the consumption position shall be without prejudice to the obligation of this Trading Participant to pay the final settlement price corresponding to the volume of the implementation.
4. In the case of non-registration of delivery for reasons other than those set forth in the previous paragraph, all costs incurred in connection with the non-registration shall be borne by the entity that has caused the non-registration.

Article 34
Registering with SEPS and MAVIR

1. Registration with SEPS or MAVIR shall be carried out by the Central Counterparty and the Clearing Participant (or another appointed settlement entity in SEPS or MAVIR[6]) on the basis of information provided by the Central Depository with respect to the positions of individual Trading Participants concerning the relevant power futures series and on the basis of concluded spot contracts.
2. In case of non-registration with SEPS or MAVIR due to the Trading Participant's default (or another appointed clearing entity in SEPS or MAVIR[7]), the defaulting Trading Participant shall cover all costs resulting from the non-registration of its position. These costs include, in particular, costs resulting from losses from the settlement of deviations incurred by the Central Counterparty. Non-registration in which the defaulting Trading Participant is in the consumption position shall be without prejudice to the obligation of the Trading Participant to pay the final settlement price corresponding to the volume of the registration.
3. In the case of non-registration for reasons other than those set forth in the previous paragraph, all costs incurred in connection with the non-registration of the delivery shall be borne by the entity that has caused the non-registration.

Article 35
Substitute trade

1. A substitute trade is 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.
2. 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.
3. The Trading Participant in the situation described in paragraphs 1 and 2 is also designated as a defaulting participant.
4. The subject of a substitute trade shall consist of:

[6] *The Agreement on the Authorization to Trade on Power Exchange Central Europe, a.s.*
[7] *The Agreement on the Authorization to Trade on Power Exchange Central Europe, a.s.*

a) for a substitute trade under paragraph 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 paragraph 1 (b) of this article, all positions of a defaulting Trading Participant; or

c) in the event of the rejection of registration with TSO, the volume of the defaulting Trading Participant’s position that has been refused registration with TSO.

5. For a substitute trade under paragraphs 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 place an identical bid or offer for the substitute trade, the Central Depository shall give priority to the earlier bid or offer.

6. Trading Participants shall submit their bids or offers in the form of addressed instructions, for which the counterparty is the Central Counterparty.

7. 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.

8. 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.

9. The Central Depository may refuse a price bid or offer for the substitute trade.

10. 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.

11. The defaulting Trading Participant is obliged to submit an instruction corresponding to the selected offer pursuant to paragraph 7 of this article and to conclude the substitute trade with the Central Counterparty no later than 15 minutes after receiving the Exchange’s instruction 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.

12. 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 paragraph 7 above. The substitute trade is concluded when the Central Depository confirms, first by telephone and then by fax, the bid or offer sent by the selected Trading Participant. The Exchange shall then ensure a new registration of the execution or registration of a daily diagram with TSO. The defaulting participant is obliged to consent to the conclusion of this substitute trade.

13. 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 9 of this article, 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.

14. The profit, loss and costs arising from the substitute trade, or all costs incurred due to the non-registration of delivery at TSO if a substitute trade was not concluded, are debited to the defaulting Trading Participant.

Article 36
Closing of positions

1. The relevant positions of a Trading Participant subject to closing are closed by executing a substitute trade pursuant to Article 35.
2. Gains or losses from the 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 37
State of emergency

1. A state of emergency means a reduction or interruption of energy supplies throughout the territory of the relevant state or parts thereof as a result of and by means stipulated in the relevant law[8].
2. A right to compensation for damage and forgone profit is precluded in case of the 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 the event of a state of emergency, the respective rules of the given TSO shall be followed, and if under these rules the agreed quantities of power supply to the electrical power system and the agreed quantities of power to be taken from the electrical power system are equal to zero, the final settlement of power futures and the settlement of spot contracts shall not be effected for the period during which the state of emergency is declared. If the final settlement has already been performed, the effected payments are settled retroactively for the duration of the state of emergency.

SECTION SPECIAL

CHAPTER I
SETTLEMENT OF POWER FUTURES

Article 38
The provision of margin deposits and their treatment

1. Every Clearing Participant shall provide security (hereinafter the "**margin deposits**") for the fulfilment of its obligations arising from power futures trades concluded by itself or by a Non-Clearing Participant in 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 Newsletter and on the Exchange's website. A minimum margin deposit may be deposited only in monetary form.
4. The margin deposit amount may be set by a Clearing Participant on its own for each Trading Participant in connection with its trading activities, but this amount may not fall below the required margin amount calculated in accordance with Article 39. The amount of margin contributions on deposit determines the amount of the control and sanction limit. The following relationships apply for the individual limits:

[8] *Act No. 458/2000 Coll., the Energy Act, as amended, and Slovak Act No. 656/2004 Coll., the Energy Act, as amended*

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. 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 established in this manner 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 at regular intervals with theoretical daily gains and losses which would result from trades concluded on the relevant Exchange day and from the open position of the previous accounting day, calculated in accordance with Article 39 (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 about 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 margin deposits are increased, the participant shall proceed in accordance with a special regulation[9].
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 predetermine the procedures in accordance with Article 16 that should follow in such a 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 begin cancelling all orders that have been entered 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 entered but not yet matched, and begin closing the Trading Participant's open positions no later than 20 minutes from the moment the stop limit was exceeded.
12. A Clearing Participant that chooses the procedure under (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 Trading Participant shall be subject to measures set forth in a special regulation[10].
14. Margin deposits shall be returned to Trading Participants upon the written request of a Clearing Participant, but only if the execution of the instruction does not produce a lack of margin deposits necessary to cover risks relating to the settlement of power futures contracts. The Central Depository shall give the instruction for returning the margin contributions after the termination of the daily settlement of profits and losses or possibly the final settlement of power futures contracts. 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 39. Together with the return of the margin deposits of a Trading Participant, the Central Depository will instruct the Exchange to reduce the stop limit and the warning limit.

[9] *Exchange Rules - Trading Rules*
[10] *Exchange Rules - Trading Rules*

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 the 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. On the 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 39.

Article 39
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:

$$MOP_d = \sum_i MA_i \times Koef_i \times (MWh_i + Konst_i) \times \left|OP_{i,d}\right|$$

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 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 Newsletter and on the Exchange's website. This specified margin amount per contract shall remain in force at all times until the 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 exclusion of the unmatched orders in the trading system.

Article 40
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 entitled 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) The maximum amount of the bank guarantee shall not exceed 80% of the margin deposits in the case that the margin deposit is at least EUR 5,000,000 in cash. If the previous condition is not met, only 60% of margin deposits may be provided in the form of a bank guarantee.
   b) The maximum amount of the bank guarantee shall not exceed 40% of margin deposits in the 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 the 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 am) or by 8:30 am on the business 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 primarily use a bank guarantee in the case stipulated under Article 45, particularly if its validity will 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 this purpose (hereinafter the "**cash margin account**"). These contributions are 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, funds from the clearing fund shall be used until the bank guarantee is released.

Article 41
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 a volume corresponding to its position and its obligation to pay cash for this delivery.
2. A long position in power futures on an account is represented by the number of registered purchased power futures. The long position or its amount is changed:
   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 the sale of more contracts than those representing the long position, this 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 42
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. The short position or its amount is changed:
   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, this 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 43
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 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 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.
4. The daily settlement amount relating to individual trades concluded during the relevant Exchange 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 the 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 on the given Exchange 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 the converge. In the case that multiple counter Exchange trades for such matching 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 44
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 by 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 performed on the basis of the final or the daily price of the power futures series that replaced the cascaded series.

Article 45
Final settlement of power futures with physical settlement

1. Final settlement of a given power futures series that enters the final settlement period is performed 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 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. Value added tax (regime of “standard settlement”[11]) or any other applicable indirect taxes and statutory fees will be added to the final settlement price. 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 the 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 the 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 46
Final settlement of power futures with financial settlement

1. Final settlement of a given power futures series that enters the final settlement period is performed 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 holder of the short position shall pay the loss, if the difference is negative, the holder of long position shall pay the loss. The payment is settled on the first

[11] *Exchange Rules - Trading Rules*
[12] *Exchange Rules - Trading Rules*

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 47
Failure to fulfil obligations arising from the 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, these liabilities shall be covered using the Clearing Participant's deposits in the clearing fund or from margins of the Trading Participants who have an obligation in proportion to the amount of their liabilities.
2. If a Clearing Participant reports to the Central Depository those 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 these Non-Clearing Participants. If these margin deposits are insufficient, 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 for the 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 38 and 39, that participant shall be obliged to close its positions, upon the Central Depository's request, to an extent permitting the participant to meet the margin requirement.
6. The Central Depository shall report to the General Secretary of the Exchange any shortage of funds for the settlement of power futures.

CHAPTER II
SETTLEMENT OF SPOT CONTRACTS

Article 48
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:

$$
\begin{aligned}
SPOT\ \lim \ge & \sum_{n,i}\left(BuyO_{n,i} \times BuyM_{n,i}\right) + \sum_{n,i}\left(SellO_{n,i} \times SellM_{n,i}\right) + \sum_{n,i}\left(BuyO_{n,i} \times BuyP_{n,i}\right) + \\
& + \sum_{i}\left(BuyOP_{i} \times BuyM_{i}\right) + \sum_{i}\left(SellOP_{i} \times SellM_{i}\right) + \\
& + MAX\left(0; \sum_{m,i}\left(BuyTrade_{m,i} \times TradeP_{m,i}\right) - \sum_{m,i} SellTrade_{m,i} \times TradeP_{m,i}\right)
\end{aligned}
$$

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 (for a 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 entry of an order, this order is rejected.

Article 49
Settlement of spot contracts

1. The settlement of concluded spot contracts 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. Value added tax (regime of "standard settlement"[13]) or any other applicable indirect taxes and statutory fees will be added to the final settlement price. 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 the 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 the 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[14].

Article 50
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, these 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 the settlement of spot contracts.

CHAPTER III
OTC CLEARING

Article 51
Settlement method

1. OTC Clearing is understood as the registration of bilateral transactions between two Trading Participants into the Exchange trading system. With the admission 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.

[13] *Exchange Rules - Trading Rules*
[14] *Exchange Rules - Trading Rules*

Article 52
Admission of power futures registration

1. In order for a transaction to be admitted, it is necessary not to exceed the margin limit requirement and the price condition must 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:

$$M2M\,\mathrm{Pr}ice_{i,t-1} - (OTCk \times MA_i) \le OTC\,\mathrm{Pr}ice_{i,t} \le M2M\,\mathrm{Pr}ice_{i,t-1} + (OTCk \times MA_i)$$

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 53
Admission of spot contract registration

1. In order for a transaction to be admitted for registration, it is necessary to conduct a successful check of the spot limit (Article 48).
2. If the spot limit would be exceeded by registering the transaction, this transaction shall be rejected and will not be accepted for settlement.

SECTION TEMPORARY AND FINAL PROVISIONS

CHAPTER I
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 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 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 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 shall decide about a complaint within 30 calendar days following the receipt thereof. The time limit for the settlement of complicated claims may be extended to 60 calendar days. The claimant shall be notified in writing of the 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 manner of settling the claim is permitted.
4. Appeals must be submitted in writing within 15 calendar days following the receipt of the notice of the complaint settlement. The Chief Executive Officer of the Central Depository shall rule on the appeal. The time limit for a decision on an appeal is 30 calendar days.

CHAPTER II
TEMPORARY 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
Procedure for solving errors

1. The Central Depository shall correct an error in the settlement based on an objection from an authorized person, based on the decision of a court or another authority, on its own initiative or pursuant to a correction in the register of investment instruments maintained by another person, if the Central Depository is requested by this subject to make the correction and accepts the request as justifiable.
2. If the Central Depository learns that the participant caused an error by its own actions and this participant:
   a) confirms its error, both parties cooperate to quickly rectify the problem;
   b) does not confirm its liability, the dispute is solved under the rules stipulated in Article 62.
3. The persons involved in the settlement shall cooperate with the Central Depository in order to remedy the settlement error. The Central Depository will inform the parties involved of the occurrence of the settlement error, with an explanation of the reasons behind the error and how the error has been/will be remedied.
4. The Central Depository will keep records of corrected errors.

Article 61
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 62
Dispute solving

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 63
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. An up-to-date version of these rules is also published on the Central Depository's website at least 5 calendar days before their effective date. The current wording of the rules is available for consultation in the registered office of the Central Depository during office hours.
3. Unless established otherwise, Exchange trades are always settled using the rules effective on the settlement date.

Article 64
Effectiveness

These rules were approved by the Central Depository's board of directors on 12 September 2011 and shall come into effect on 5 November 2011.

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, SEPS and MAVIR
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 trade resolution
17:00	Opening of new accounting day
17:45	Creation of the file of preliminary information on payments
17:45	Creation of the net cash positions file
20:00	Closing of the Settlement System

The participants in the Settlement System are notified upon the creation of each file and may download the file thereafter.

ANNEX NO. 2 - FEE REGULATIONS

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, daily

Applicable VAT shall be added to each fee.