



## Excerpt from the minutes of the meeting of the Risk Committee of IRGiT on 11 December 2019

### Attendees:

#### Committee Members:

1. Tomasz Wieczorek – Committee Chairman, Representative of IRGiT
2. Leszek Prachniak – Committee Member, Representative of Towarowa Giełda Energii S.A. (Polish Power Exchange)
3. Olga Dzilińska-Pietrzak – Committee Member, Representative of Izba Energetyki Przemysłowej i Odbiorców Energii (Polish Chamber of Industrial Energetics and Energy Customers)
4. Robert Sikorski – Committee Member, Representative of Towarzystwo Gospodarcze Polskie Elektrownie (Polish Power Plants Association)
5. Iwona Ustach – Committee Member, Representative of Izba Domów Maklerskich

#### Invited guests:

6. Krzysztof Borowiec – Representative of Towarzystwo Obrotu Energią (The Association of Energy Trading)
7. Elżbieta Dratwińska – Representative of Towarzystwo Obrotu Energią (The Association of Energy Trading)
8. Łukasz Goliszewski – Vice-President of the IRGiT Management Board
9. Łukasz Grządka – IRGiT Risk Management Expert
10. Katarzyna Matuszewska – Representative of Izba Domów Maklerskich
11. Jarosław Michalak – Representative of Towarzystwo Gospodarcze Polskie Elektrownie (Polish Power Plants Association)
12. Krzysztof Opara – Director of the IRGiT Clearing and Settlement Department

The meeting was presided over by the Committee Chairman.

### Course of the meeting:

1. The Committee was familiarized with the status of implementation of the Committee's recommendations from previous meetings. Special attention was paid to the recommendation regarding introduction of limits for bank guarantees issued by one bank for one Clearing House Member, which has not been yet implemented. Considering the high demand for bank guarantees and the current situation in the banking sector, Committee Members have determined that the recommendation will be analyzed again at the next Committee meeting.
2. The Committee was familiarized with a report of the IRGiT Risk Management Department presenting selected statistics regarding the area of collaterals and risk management in IRGiT as at 30 November 2019, including statistics on the total value of the required collaterals, structure of the collaterals lodged and volatility for yearly contracts.
3. Committee Members were familiarized with the course of the events associated with the default of a Clearing House Member on 29 November 2019, in particular the processes related to suspension of the Member on the Commodity Forward Instruments Market with Physical Delivery and in the SAPRI system, and disbursement of the bank guarantee. After learning about

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the course of the events and the impact of the Member's default on the activity of the Clearing House, the Committee recommended analyzing the method of communication with ERA in the case of a Member default.

4. Committee Members were familiarized with the planned change and the main assumptions of the clearing price setting model. The Committee noted the need for consultation of the contemplated model with market participants and recommended that the Clearing House should cooperate with the Clearing House Members in this respect.
5. The Committee was familiarized with the course of the work associated with implementation of the model of acceptance of bank guarantees for the guarantee fund. Committee Members accepted the plans to implement a new bank guarantee model in IRGiT and recommended consulting the model with, in particular, cooperating banks.
6. The Committee was familiarized with the procedure of assessment of credit risk in banks in place in IRGiT and a list of rating agencies whose assessments are used in analyzing the bank's credit quality. The Committee recommended that the Clearing House, while assessing banks issuing bank guarantees, should take into account the ratings awarded only by Fitch, Moody's and Standard&Poor's.
7. Committee Members were familiarized with the issues related to contribution of bank guarantees coming from foreign banks without a branch in Poland. The Committee recommended changing the bank guarantee model, taking into account communication via SWIFT and recommended commencing work regarding the differentiation, if any, of the level of recognition of guarantees for collateral margins, depending on the date of its execution, however there would be up to two recognition levels in IRGiT.
8. Committee Members accepted the proposed direction of the amendments in the ECH Regulations regarding defining more precisely the provisions on a justified suspicion of a Clearing House Member default and unifying the definition of the so-called infringement in the ECH Regulations and CSH Regulations.
9. The Committee was familiarized with the topic raised by one of the Committee Members pertaining to closing positions in the form of auctions on the order of Brokerage Houses. The Risk Committee recommended amendment of the Polish Power Exchange Regulations in this respect and submission of the topic at the new Polish Power Exchange Market Council.

The date of the next Committee meeting was set for 18 March 2020.

For more information on the Risk Committee see: <https://www.irgit.pl/en/risk-committee>