



Amendments to IRGiT regulations

Summary

Izba Rozliczeniowa Giełd Towarowych S.A. (Warsaw Commodity Clearing House, "IRGiT") has amended the Detailed Clearing and Settlement Rules of the Exchange Clearing House ("Detailed Clearing and Settlement Rules"), which resulted in particular from the planned coming into force of the Act amendment certain other acts in order to strengthen the state's gas security in connection with the situation on the gas market ("Act").

The amendments will come into effect as of 1 September 2022.

Detailed description of the amendments

1. Amendments concerning non-cash collateral contributed in the form of statements of submitting to enforcement

The amendments to § 35 sec. 5 of the Detailed Clearing and Settlement Rules concern the order and the rules of recognition of non-cash collateral. The amended provisions indicate that statements of submitting to enforcement following the procedure under Article 777 § 1 item 5 of the Act of 17 November 1964 entitled Code of Civil Procedure, also including the sureties contributed as collateral and referred to in § 34, are recognized first among the contributed non-cash collateral and reduce the value of the required collateral margins, which is used to calculate the recognition value of other non-cash collateral.

Since the Act also requires extension of the time period, in which IRGiT will accept the additional forms of non-cash collateral, until 31 December 2026, the forms of statements of submitting to enforcement under art. 777 § 1 item 5) of the Code of Civil Procedure and the forms of parent company surety agreements were also updated.

Additionally, § 34 sec. 4 and § 34b sec. 5 specified that the above form of collateral may be removed from the Non-Cash Collateral Register 6 calendar months before the end of the time limit specified in the surety or the notary deed, during which the Clearing House may petition to a court to issue an enforcement clause for that deed.

In connection with the amendment, both the Collateral Pledged Reports sent by IRGiT at the day-end (at about 6:00 p.m.) and the Intraday Collateral Pledged Reports sent by

IRGiT at about 4:00 p.m. will be modified. Details on this topic will be provided in a dedicated operational report.

2. Changes concerning the execution of cash withdrawals from Transaction Margins and refunds of payments to the Guarantee Fund

The amendments to § 9 of the Detailed Clearing and Settlement Rules concerned the circumstances, in which the Clearing House may refuse its consent for the withdrawal of cash contributed as Transaction Margin. The amendments made to § 9 sec. 13 and 14 envisage that if the date of making the withdrawal order is different from the date of its execution, the Clearing House may refuse such consent, which applies to instructions of Clearing House Members issued in the electronic banking system of the Settlement Bank as well as in the electronic banking system of the Clearing Bank.

Additionally, in 9 sec. 16 of the Detailed Clearing and Settlement Rules envisages the possibility that funds from Transaction Margins are not transferred for reasons related to a threat to the security of clearing.

§ 37 sec. 17 of the Detailed Clearing and Settlement Rules stipulates that IRGiT has the right to withhold the transfer of a given Clearing House Member's payment to the Guarantee Fund, by refunding a part thereof. The purpose of the amendment is to minimize losses when an event of default occurs in respect to that Clearing House Member.

3. More detailed rules for accepting bank guarantees from the bank acting as the Settlement Bank that has no credit rating

A provision was added to § 32 sec. 1(c) of the Detailed Clearing and Settlement Rules, setting forth the rules for accepting bank guarantees from banks that have no credit rating and act as the Settlement Bank. According to that provision, the value of bank guarantees issued by that bank that may be contributed by a given Clearing House Member and recognized by IRGiT is limited to PLN 13 million.

4. An amendment involving a removal of the Guarantee fund multiplier

According to the amendment made to § 37 sec. 5, starting from the update of the Guarantee Fund, which will occur after the date of coming into force of the new version of the Detailed Clearing and Settlement Rules, IRGiT will cease to use the multiplier mechanism in order to determine the final payments from the individual Clearing House Members. As a result, the distribution of the pool of the Guarantee Fund will be determined solely on the basis of proportion, based on the value of absolute uncovered risk. The goal



of the amendment is to optimize the method of calculating the level of payments to the Guarantee Fund.

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

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