



GO MARKET

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HUNGARIAN POWER EXCHANGE

# **CLEARING AND SETTLEMENT REGULATIONS**

## **TECHNICAL REGULATION NO. 7 OF HUPX GO RULES AND REGULATIONS**

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## 1. GENERAL RULES

1. All Trades on HUPX are subject to Clearing, which is performed by HUPX itself, with the guarantee and Settlement of HUPX GO Members' Trades. To provide these services, HUPX acts in a central role in the Clearing and Settlement of Trades entered into on HUPX.
2. The transfer of the guarantees of origin between HUPX GO Members takes place as follows: HUPX in a central role, acting on behalf of the seller HUPX GO Member, enters into a transfer contract with the buyer HUPX GO Member on its own name for the benefit of the seller HUPX GO Member.
3. HUPX performs the Clearing, Settlement and invoicing per Auction as set out in Clearing and Settlement Rules.
4. Definitions in the Clearing and Settlement Rules shall have the meaning given to them in the HUPX GO Market Rules.

## 2. CLEARING

1. HUPX provides Clearing to HUPX GO Members in accordance with the HUPX GO Market Rules Section 1.2.6.
2. After the Auction, during the Clearing the purchase values and the amounts remaining from the Collateral provided by the HUPX GO Member are returned to the HUPX GO Member (Credit Item) and the financial positions related to the Auction are calculated.
3. During financial Clearing, HUPX determines the net financial position for the delivery date on the basis of the aggregated financial claims / liabilities (gross purchase value) per HUPX GO Member per Auction. The delivery deadline is 1 (one) working day after the Auction. If the delivery deadline falls on a bank holiday, the delivery deadline shall be the following working day.
4. The purchase value shall be determined on the basis of net value and where applicable gross value added with the applicable VAT.
5. HUPX maintains a Payment Account via the Settlement Bank to ensure Clearing and Settlement.

## 3. GUARANTEE OF TRADES

### 3.1. GENERAL RULES

1. HUPX guarantees the following in respect of Trades entered into the HUPX GO Market:
  - a) the financial performance of the Trade; and
  - b) the actions taken by HUPX to deliver the guarantees of origin, as defined in Clearing and Settlement Regulations, in connection with the performance of the transfer of the guarantees of origin.
2. The guarantee scheme operated by HUPX consists of the following elements:
  - a) the elements of Collateral set out in Section 3.3. in order to limit the risk exposure of the HUPX GO Member;

- b) HUPX's performance commitment under Section 3.1.3.
3. HUPX guarantees the Trade after the closing of the Auction, i.e. from that time onwards, HUPX has an obligation to perform towards both parties provided that the HUPX GO Member has fulfilled all its obligations under the HUPX GO Rules and Regulations.

### **3.2. TRADING LIMITS**

1. In order to guarantee the Trades, trading limits are set on the HUPX GO Market on both sides: buyer's trading limit and seller's trading limit.
2. The buyer's trading limit is a maximum financial exposure that a HUPX GO Member on the buy side may trade or submit via Orders to the Trading System within the timeframe set by HUPX.
3. The buyer's trading limit is equal to the net value of the guarantees of origin to be purchased and may therefore differ from the amount actually deposited as Collateral, depending on the VAT payment obligation.
4. The HUPX GO Member shall transfer a financial Collateral to the amount of the trading limit specified in Section 3.2.3, plus VAT where applicable, to the account specified in the Annex 4 of the GO Membership Agreement in accordance with the provisions set out in Section 3.3.2.1.
5. The seller's trading limit is the maximum volume of guarantees of origin that a HUPX GO Member on the sell side may trade or submit via Order to the Trading System within the timeframe set by HUPX.
6. The seller's trading limit is recorded for each possible Contract based on the available order attributes according to the Product List and Specifications.
7. Trading limits are checked continuously during the opening hours of the Order Book, i.e. during the pre-Trading period as defined in the Section 4.6.1 of the HUPX GO Market Rules. HUPX ensures that HUPX GO Members cannot exceed their current limit, which would result an uncovered position. Orders that do not meet the limit are rejected.

### **3.3. COLLATERAL**

#### **3.3.1. SELLER'S COLLATERAL**

1. The seller's Collateral ensures that the guarantees of origin offered for sale at the Auction are available at the time of completion of the Trades.
2. In case of the seller transfers the guarantees of origin to be deposited from a Registry Account managed by the Supervisory Authority, it is obliged to transfer to the subaccount of the Registry Account of HUPX dedicated in the Annex 4 of the GO Membership Agreement managed by the Supervisory Authority within the Collateral placing timeframe determined in the Trading Calendar.
3. In case of the seller imports the guarantees of origin to be deposited from a Registry Account managed by an AIB Member, who is not the Supervisory Authority, it is obliged to import to the default account, i.e. Registry Account of HUPX managed

by the Supervisory Authority within the Collateral placing timeframe determined in the Trading Calendar. HUPX manages these guarantees of origin via the subaccount of the Registry Account of HUPX dedicated in the Annex 4 of the GO Membership Agreement.

4. Only the deposited guarantees of origin may be sold on the HUPX GO Market, guarantees of origin, which are not deposited may not be subject to the Auction.
5. HUPX records the provided Collaterals are by HUPX GO Members.
6. HUPX initiates the return of the deposited unsold guarantees of origin to the seller's Registry Account no later than 1 (one) working day after the Auction closes, unless HUPX GO Member declares otherwise. The guarantees of origin sold in the Auction is transferred by HUPX to the buyer's Registry Account as specified in Section 4.2.
7. HUPX opens and manages subaccounts dedicated for every HUPX GO Member via the Supervisory Authority in order to ensure safe and transparent handling of Collaterals.

### **3.3.2. BUYER'S COLLATERAL**

1. Any HUPX GO Member wishing to participate as a buyer in a given Auction must deposit a financial Collateral to the Deposit Account specified in the Annex 4 of the GO Membership Agreement within the Collateral placing timeframe determined in the Trading Calendar. The amount of the Collateral is determined by the HUPX GO Member considering the following:
  - a) the trading limit; and
  - b) VAT (where applicable).
2. If the financial Collateral is transferred outside the Collateral placing timeframe determined in the Trading Calendar, HUPX is entitled to charge an administration fee to the HUPX GO Member according to GO Membership Fee Schedule.
3. HUPX checks the amount and existence of the financial Collateral on the working day prior to the Auction and calculates the trading limit from it.
4. The financial Collateral provided by the HUPX GO Member to HUPX shall serve as Collateral for any debit of the HUPX GO Member to HUPX arising as a result of the performance of a Trade due to the activity of the HUPX GO Member in the Auction. HUPX is entitled to settle the outstanding debt of the HUPX GO Member directly from the Collateral regarding of the GO Membership Agreement.
5. The HUPX GO Member is obliged to place the financial Collateral in the currency requested by HUPX (EUR), in order to avoid any currency risk. HUPX is not liable to the HUPX GO Member for any loss or loss of profit resulting from exchange rate differences, if the HUPX GO Member submits the Collateral to the Auction in a currency other than the currency set by the Product List and Specifications.
6. The HUPX GO Member must ensure that the value of the Collateral at all times meets the conditions set by HUPX, otherwise it is not allowed to participate in the Auction.

7. As set out in Section 4 following a successful Auction HUPX settles the purchase value of the guarantees of origin to the seller(s) from the amount deposited as financial Collateral on behalf of HUPX by the HUPX GO Member based on the authorization of GO Membership Agreement.
8. Payment and delivery obligations arising from the Trades shall be governed by the terms of Clearing and Settlement Regulations.
9. HUPX opens and manages the Deposit Accounts as subaccounts dedicated for every HUPX GO Member via the Settlement Bank in order to ensure safe and transparent handling of Collaterals.

## **4. SETTLEMENT**

### **4.1. GENERAL RULES**

1. HUPX settles cash and non-cash claims (positions) between HUPX GO Members on the basis of the authorization given to HUPX in the GO Membership Agreement.
2. HUPX shall initiate the delivery of the guarantees of origin and the financial fulfilment to the HUPX GO Member only on a working day, i.e. a day on which HUPX and the Settlement Bank are open for the purpose of executing a payment transaction.

### **4.2. RULES FOR THE DELIVERY OF THE GUARANTEES OF ORIGIN**

1. The delivery of the guarantees of origin on the basis of trading on HUPX GO Market means the transfer of the guarantees of origin to the buyer's Registry Account.
2. The transfer of the guarantees of origin to the buyer's Registry Account is initiated by HUPX on the basis of the seller's authorization as set out in the GO Membership Agreement within 1 (one) working day after the Auction closes.

### **4.3. FINANCIAL FULFILMENT**

1. Based on the buyer's authorization given in the GO Membership Agreement HUPX is entitled to transfer to the seller the equivalent of the purchase value from the amount deposited as Collateral. HUPX separates the assets via a collective Deposit Account, therefore the assets transferred by the HUPX GO Members are placed on pooled accounts managed by the Settlement Bank.
2. The settlement via a collective Deposit Account is made on the basis of the Auction result, therefore HUPX issues a debit order for the amount necessary to settle the gross purchase value determined by the Trading System to the Deposit Account assigned to the HUPX GO Member (subaccount) at the Settlement Bank in favor of the HUPX's Deposit Account (collective Deposit Account) at the Settlement Bank. Then HUPX issues a debit order for the collective Deposit Account to the Payment Account specified by the seller in the Annex 1 of the GO Membership Agreement.
3. The financial settlement of the Credit Items, i.e. the amount remaining on the Deposit Account assigned to the HUPX GO Member (subaccount) after the Settlement of the purchase value of the Auction is done by crediting the HUPX GO Member's Payment Account designated in the GO Membership Agreement by debiting the collective

Deposit Account at the Settlement Bank based on the instruction given to the Settlement Bank.

4. The Credit Item is free of all bank charges, interest and other fees.

## 5. INVOICING

1. In order to ensure anonymity, HUPX issues an invoice to the buyer for the sold guarantees of origin within 8 (eight) days after the Auction in accordance with the applicable legislations.
2. The seller is obliged to invoice HUPX for the sold guarantees of origin within 8 (eight) days after the Auction, in accordance with the applicable legislations.
3. HUPX issues an invoice to the HUPX GO Member within 8 (eight) days for the fees due to HUPX in accordance with the GO Membership Fee Schedule and the applicable legislations.