

9-18 KELER CCP's Announcement
Balancing Clearing and Trading Platform
guarantee system

Effective from: 28 December 2022

According to KELER CCP Ltd.'s General Business Rules, KELER CCP Ltd. approved the Balancing Clearing and Trading Platform's (TP) margin requirements for its Clearing Members as listed below. Requirements will become effective from **1st August 2022**.

- **Balancing Clearing Turnover Margin Calculation**

At the calculation Balancing Clearing turnover margin besides balancing buy side positions CEEGEX and Trading Platform sell side positions are also taken into account provided that the Clearing Member is a member on these markets as well. Thus final Balancing Market turnover margin comprises of the sum of the followings:

1. Balancing Market percentage parameter (buffered or not based on stress indicator) multiplied with the sum of financial obligations (buy) on Balancing Market for the previous 365 calendar days.
2. CEEGEX/Trading Platform parameter (buffered or not based on stress indicator) multiplied with the sum of:
 - Maximum of the highest CEEGEX net sell position for 63 settlement days and the average CEEGEX net sell position for 250 settlement days.
 - Maximum of the highest TP net sell position for 63 settlement days and the average TP net sell position for 250 settlement days.

The exact equation used for Balancing Clearing turnover margin calculation:

$$TM = IF(stress\ indicator = 1; \alpha; \alpha_b) * \sum_{t \in T_1} E_t + \\ + IF(stress\ indicator = 1; \beta; \beta_b) * (\max\{\max_{t \in T_2}(S_t), \mu_{t \in T_3}(S_t)\} + \max\{\max_{t \in T_2}(Z_t), \mu_{t \in T_3}(Z_t)\})$$

where

- **TM**: Turnover Margin
- **stress indicator**: Stress indicator determined by KELER CCP. If its value is 1, then no buffer is applied, if 0, the 25% procyclicality buffer is applied.
- **α** : An unbuffered constant determined based on daily back testing.*
- **α_b** : α multiplied by 1,25 as a buffering.*
- **β** : An unbuffered constant determined annually.*
- **β_b** : β multiplied by 1,25 as a buffering.*
- **T_1** : lookback period of 365 calendar days.
- **T_2** : lookback period of 63 settlement days.
- **T_3** : lookback period of 250 settlement days.
- **E_t** : Balancing market financial obligation for calendar day t.
- **S_t** : The value of CEEGEX net sell position for settlement day t. Net purchase is 0.

* Current values are published in a separate file (Turnover Margin Parameters).

- Z_t : The value of Trading Platform net sell position for settlement day t. Net purchase is 0.
- $\mu_{t \in T_3}$: average for the lookback period of T_3

All parameters are applied with positive sign (≥ 0).

Frequency of Balancing Clearing turnover margin calculation: Daily

Buy side Balancing Clearing positions and sell side Trading Platform and CEEGEX positions are calculated with actual VAT added gross value. In case of foreign Clearing Members the applied value of VAT is 0%, meaning the gross and net value of the position is the same.

Minimum turnover margin for Balancing Clearing Members: 50,000 EUR.

- **Trading Platform Turnover Margin Calculation**

- There is no algorithm based turnover margin requirement calculation by KELER CCP for Trading Platform market. Clearing Members can voluntarily define the amount of turnover margin necessary for their trading limits.
- Clearing Members can define the necessary amount of collaterals (EUR) as turnover margin based on their planned exposures and trading limits.
- If Clearing Members do not generate any financial obligations, the placement of turnover margin is not necessary, meaning the required minimum amount of turnover margin is 0 EUR for Trading Platform Clearing Members.

Position limit for Trading Platform

The position limit is the actual amount of blocked collaterals for KELER CCP as beneficiary, adjusted with financial positions.

$$Position\ limit = \frac{B}{1 + VAT} + T + \min(Tp; 0) + \min(Sp; 0)$$

where,

- B: Value of collateral assets (placed for Trading Platform).
- VAT: The current value of value-added tax. In this calculation, the value of VAT is 0% for foreign Clearing Members.
- T: Cumulated financial position based on the transactions which are not yet cleared on Trading Platform in the current clearing cycle (value is positive in case of net seller, negative in case of net buyer).
- Tp: Cumulated financial position based on the transactions which are not yet cleared on

Trading Platform in the previous clearing cycle (value is positive in case of net seller, negative in case of net buyer).

- Sp: Net financial position based on the transactions which have been already cleared but not yet settled on Trading Platform (value is positive in case of net seller, negative in case of net buyer).

Other provisions

KELER CCP has the right to amend this Announcement with immediate effect and publishes the amended Announcement on its website.

Budapest, 20 December 2022

KELER CCP Ltd.