

9-12 KELER CCP's Announcement

ECC limit management

Effective from: 10 February 2023

Based on its General Business Rules KELER CCP defines ECC trading limit management as follows.

1. Limit types

1.1. Individual trading limit (spot and derivatives markets)

On the spot and derivatives markets cleared by ECC, ECC allows trading limits to be applied. KELER CCP calculates a comprehensive individual trading limit (“Individual trading limit or TMR limit”) for all its Energy Market Non-clearing Members, which is set as the result of KELER CCP’s internal methodology and based on the following components:

- individual risk assessment: based on the result of annual KYC due diligence questionnaire and the analyses of the provided audited corporate Financial Statement,
- the amount of the financial collateral provided for trading limit purposes,
- the average margin requirement calculated by ECC of the last quarter,
- the amount of additional financial collateral (exception: if the additional financial collateral was imposed due to the increased number of trading limit breaches, the amount of the additional financial collateral is not taken into account as a limit increasing factor)

About the Individual trading limit set for the Energy Market Non-clearing Member, KELER CCP will notify the Energy Market Non-clearing Member in writing via e-mail at the time of successful onboarding, as well as regularly or after an extraordinary review according to Point 4 and 5 of the present Announcement.

Spot markets

The Individual trading limit can be allocated by KELER CCP's Energy Market Non-clearing Members themselves between spot markets as needed¹. KELER CCP applies only financial limits to spot markets, quantitative limits are not applied. On the spot markets a **pre-trade limit** can be set both for auction and continuous trading markets. On the auction

¹ Except EEX emission markets, where the later detailed TMR limit is applied.

trading markets the Individual trading limit is set for trading days and it resets on every business day at 16:00 pm CET to the original amount, however on the continuous trading markets the trading limit is linked to the settlement cycle, that is, can cover more trading days, therefore it has to be sufficient to cover weekend and ECC holiday periods.

Derivative markets

On derivative markets, Energy Market Non-clearing Members can take exposures up to the amount of their Individual trading limit. For Energy Market Non-clearing Members with derivative market membership, a **post-trade TMR** (Total Margin Requirement) margin limit is set which is equal to the amount of Individual trading limit mentioned above. The nature of the post-trade TMR limit, is that the sum of margin requirement (spot and derivatives included) calculated by ECC (for example IMSM, SPAN, CESM, etc.) can not exceed the set TMR limit. **If a TMR trading limit is breached (the total margin requirement exceeds the TMR limit amount), the trading right for that specific trading code will be suspended immediately on all trading platforms.** KELER CCP notifies the Energy Market Non-clearing Member about the fact of the suspension and indicates the amount of the minimum collateral to be placed, which is necessary for the revocation of suspension (see in detail in point Trading limit increase in case of limit breach). The fact of the suspension can be monitored by the Energy Market Non-clearing Member itself after subscribing to the [Eurex C7 system](#).

1.2. Clearing exposure limit (derivatives markets)

The Clearing Exposure limit is checked ex post based on the end-of-day exposures. The limits can be modified on the next business day, taking into account the risks that can be assumed. The Clearing exposure limit consists of two parts:

- Partner clearing exposure limit,
- Global clearing exposure limit.

1.2.1. Partner clearing exposure limit

In addition to the Individual trading limit, KELER CCP applies a Partner clearing exposure limit, which limits the maximum exposure for Energy Market Non-clearing Members who take exposure on derivative markets.

The extent of the Partner clearing exposure limit applied to each derivative Energy market Non-clearing Member:

Risk category	Value of Partner clearing exposure limit (EUR)
Very low	40,000,000
Low	30,000,000
Average	20,000,000
High	10,000,000
Very high	5,000,000

The method of calculating the limit is the end-of-day initial margin (SPAN) requirement calculated by ECC for the given Energy Market Non-clearing Member for the derivative positions. The amount of initial margin calculated for the given Energy Market Non-clearing Member may not exceed the amount of the Partner clearing exposure limit.

Regarding the extent of the Partner clearing exposure limit set for each Energy Market Non-clearing Member, KELER CCP notifies the Energy Market Non-clearing Member in writing via e-mail at the time of successful onboarding, as well as regular or after an extraordinary review according to Point 9.6 and 9.10 of the General Business Rules.

1.2.2. Global clearing exposure limit

KELER CCP applies a Global clearing exposure limit in addition to the client-level limitation of Partner clearing exposure (i.e. Partner clearing exposure limit), which limits the aggregated derivative market exposure of Energy market Non-clearing Members.

The extent of the Global clearing exposure in the case of derivative markets:

Value of Global clearing exposure limit (EUR)
300,000,000

The method of calculating the limit is the end-of-day aggregate initial margin requirement (SPAN) calculated by ECC for all Energy Market Non-clearing Members of KELER CCP for derivative positions. The initial margin calculated for all Energy Market Non-clearing Members cannot exceed the Global clearing exposure limit.

1.2.3. Consequences in case of limit violation

The Partner clearing exposure limit is a theoretical upper limit that limits the exposure that can be taken on by an Energy Market Non-clearing Member. The limit can be exceeded - by increasing the TMR limit - in the event that exceeding the limit does not result in a

violation of the Global clearing exposure limit.

The Global clearing exposure is an absolute upper limit, which is determined collectively by KELER CCP for all the Energy Market Non-clearing Members. If 80% of the limit is used, KELER CCP informs the affected Energy Market Non-clearing Members in writing.

If the Global clearing exposure limit is exceeded, KELER CCP takes the following steps:

- a.) limits the taking of additional new derivative open positions (restriction of increasing the TMR limit or reducing the existing TMR limit); furthermore
- b.) takes measures to close the existing open derivative positions (with a scheduled reduction of the TMR limit).

If the Global clearing exposure limit is exceeded, KELER CCP defines the Energy Market Non-clearing Members affected by the above measures as follows:

- According to point a.), it limits the taking of additional positions for the Energy market Non-clearing Member(s) with exposure currently exceeding the Partner clearing exposure limit, thereby limiting the taking of additional exposure.
- According to point b.), for Energy market Non-clearing Member(s) exceeding the Partner clearing exposure limit, proportionately at least up to the extent of the Global clearing exposure, but at most up to the extent of the Partner clearing exposure limit. If at the same time the Partner clearing exposure of several Energy Market Non-clearing Member exceeds the limit, in that case, in the order of risk category classification, from worst to best. Within the same category, the Energy market Non-clearing Member that exceeds the Partner clearing exposure limit to a greater extent is ranked first.

Example:

Where the exposure taken by the Energy market Non-clearing Member with the first largest Partner clearing exposure limit is 50 million euros (risk category: Low), the second largest is 30 million euros (risk category: High), while the third largest is 25 million euros (risk category: Average), then the Energy Market Non-clearing Member with the second highest exposure (worst risk rating) is called upon to reduce the exposure to EUR 10 million. If this is still not sufficient to restore the Global clearing exposure limit, then the Energy market Non-clearing Member with the third largest exposure (risk category: Average) is called upon to reduce the exposure to EUR 20 million. In the event that the previous measures are insufficient, the Energy Market Non-clearing Member with the highest exposure (risk category: Low) is called upon to reduce the exposure to the necessary extent, but not more than EUR 40 million.

2. Individual trading limit change request initiated by Energy Market Non-clearing Member

The Energy Market Non-clearing Members have the possibility to increase/ decrease their Individual trading limits by voluntarily providing/requesting back basic financial collateral, taking into consideration the relevant multipliers used for the relevant markets (in case of

auction market it is 3, in case of continuous trading markets it is 1). The procedure of Individual trading limit change request is the following:

1. The change request has to be sent to limits@kelerkszf.hu at all time, including the provided/requested amount and the relevant markets.
2. In the case of derivative markets, it is not possible to increase the Individual trading limit if, as a result of the increase, the Global clearing exposure limit according to Point 1.2.2 would be reached or exceeded. KELER CCP will notify the Energy Market Non-clearing Member of this fact in writing immediately after receiving the request.
3. If it is possible to increase the Individual trading limit, upon receipt of the limit increase instruction and the availability of the missing amount required to increase the limit, KELER CCP shall immediately attempt to execute the limit increase depending on the execution of the transfer order submitted to the Settlement Bank of the Energy Market Non-clearing Member. KELER CCP will be able to execute the limit increase instructions received by 17:00 (CET) on the given day, provided that the amount required to increase the limit is still available on the Energy Market Non-clearing Member's settlement cash account and the deadline of the settlement bank ensures the execution of the transfer order. In the case of limit increase instructions received after 17:00 (CET) but before the end of KELER CCP's operating hours (19:00 CET), KELER CCP will act on best effort basis to implement the limit increase, but will not be liable for failure.
4. In case of limit decrease request, the limit decrease will be executed and KELER CCP credits the non-clearing member's current account at the Settlement bank no later than the end of the given clearing day with regard to requests received by 11:00 CET on the given day.

3. Individual trading limit increase in case of limit breach

3.1. Management of Individual trading limits in case of limit breach without standing order

As soon as KELER CCP becomes aware of the fact of a limit breach, it shall notify the relevant Energy Market Non-clearing Member about the fact of the limit breach and the suspension of the trading right in an e-mail message sent to the available e-mail addresses / e-mail addresses specified in the Master Data Sheet, also asking the Energy Market Non - Clearing Member to:

- give clear instructions for the limit increase in a reply email (to the email address

limits@kelerkszf.hu) and

- ensure that the missing amount required to increase the limit is available on the settlement account of the Energy Market Non-clearing Member.

Upon receipt of the limit increase instruction and the availability of the missing amount required to increase the limit, KELER CCP shall immediately attempt to execute the limit increase depending on the execution of the transfer order submitted to the Settlement Bank of the Energy Market Non-clearing Member. KELER CCP will be able to execute the limit increase instructions received by 17:00 (CET) on the given day, provided that the amount required to increase the limit is still available on the Energy Market Non-clearing Member's settlement cash account and the deadline of the settlement bank ensures the execution of the transfer order. In the case of limit increase instructions received after 17:00 (CET) but before the end of KELER CCP's operating hours (19:00 CET), KELER CCP will act on best effort basis to implement the limit increase, but will not be liable for failure.

If the limit increase is in accordance with Point 1.2.2. is not possible in view of the utilization of the Global clearing exposure limit, KELER CCP notifies the Energy Market Non-clearing Member of this fact in writing immediately after receiving the limit increase instruction and measures set in Point 1.2.3. are applicable.

3.2. Management of Individual trading limits in case of limit breach with a standing order

As soon as KELER CCP becomes aware of the fact of a limit breach and suspension of trading right, and in case the missing amount necessary to increase the limit is available on the Energy Market Non-clearing Member's settlement cash account, KELER CCP shall immediately attempt to execute the limit increase as set out in the standing order, depending on the execution of the transfer order submitted to the Settlement Bank of the Energy Market Non-clearing Member. KELER KSZF shall be in the position to increase the limit according to the standing order on the given day in case the limit breach is becoming known to KELER CCP by 17:00 (CET) on the given day and if the amount required to increase the limit is available by this time the latest on the cash account of the Energy Market Non-clearing Member and if the transfer order deadline of the Settlement Bank ensures the execution of the transaction. In case of limit breaches becoming known to KELER CCP after 17:00 (CET) but before the end of KELER CCP's operating hours (19:00 CET), KELER CCP will act on best effort basis to implement the limit increase, but will not be liable for failure.

If at the time of the investigation the missing amount required to increase the Individual trading limit is not available in the cash account of the Energy Market Non-clearing

Member, KELER CCP shall act in accordance with Point 3.1.

If the limit increase is in accordance with Point 1.2.2. is not possible in view of the utilization of the Global clearing exposure limit, KELER CCP notifies the Energy Market Non-clearing Member of this fact in writing immediately after receiving the limit increase instruction and measures set in Point 1.2.3. are applicable.

4. Individual trading limit modification during revision period

KELER CCP reviews the Individual trading limit for all its Energy Market Non-clearing Member at least on a quarterly basis. The revision takes place in the following month after the end of the quarter and the results, including the deadline until the Energy Market Non-clearing members have the possibility to modify the suggested amount of the Individual trading limits, are communicated to the Energy Market Non-clearing Members via e-mail. After the given deadline, Individual trading limit can be modified according to the request of the Energy Market Non-clearing Member only after the new Individual trading limit has been set.

KELER CCP reserves the right to deny the modification of the Individual trading limit on the day the revised Individual trading limits are set.

5. Request for an extraordinary review of Individual trading limits

Energy Market Non-clearing Members have the opportunity to request under extraordinary circumstances the interim review of their Individual trading limit and their rating. The extraordinary Individual trading limit revision can be requested by sending an email to limits@kelerkszf.hu email address, including a comprehensive and professional reason for the request of review. Within 3 working days from the receiving of the request, KELER CCP is obliged to notify the Energy Market Non-clearing Member about the result of the evaluation.

Energy Market Non-clearing Members can request the interim review of their total trading limit twice per calendar year.

6. Realistic Price Range / RPR application

When calculating the ECC trading limit, the so-called a realistic price range applied by ECC allows a lower and upper boundary for the strict exposure calculation for auctions. If an Energy Market Non-clearing Member enters a sell order with a negative price lower than

the minimum realistic price, the exposure is only calculated up to and including the minimum realistic price. Likewise, when an Energy Market Non-clearing Member enters a buy order with a possible positive price higher than maximum realistic price, the exposure is only calculated up to and including the maximum realistic price. This allows Energy Market Non-clearing Members to also bid at extreme prices during auctions that are possible but not realistic. KELER CCP is entitled to determine the realistic price range.

Effective from 08.09.2022. 12:00 CET the RPR values are set as follow:

Market	RPR
HUPX	-50 / 850
SEMOPX	-25 / 700
SEEPEX	0 / 850
EPEX (UK)	-25 / 650
EPEX	-75 / 900

7. Other provisions

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

Budapest, 8 February 2023

KELER CCP Ltd.

Annex 1. Standing order to increase trading limits in the event of a limit breach

Annex 2. Cancellation of a standing order

Annex 1. Standing order to increase trading limits in the event of a limit breach

Referring to the Energy Market Non-clearing Membership Agreement concluded on between

KELER CCP Ltd. (registered seat: 1074 Budapest, Rákóczi út 70-72. company registration number: 01-10-046985, activity license number: H-EN-III-43/2014., H-EN-III- 294/2017.) hereinafter referred to as: KELER CCP,

and

company name:

registered seat:

company registration number:

hereinafter referred to as the Energy Market Non-Clearing Member (hereinafter together referred to as the Parties)

the Energy Market Non-Clearing Member hereby authorizes KELER CCP to execute the limit increase in the following amount without prior notification of the Energy Market Non-Clearing Member immediately after becoming aware of the fact of the limit breach and suspension of the trading right:

Limit increase Amount²:

the minimum amount required³ to restore a trading right + EUR

The Energy Market Non-Clearing Member acknowledges that KELER KSZF shall be in the position to increase the limit according to the standing order on the given day in case the limit breach is becoming known to KELER CCP by 17:00 (CET) on the given day and if the Limit increase Amount is available by this time the latest on the cash account of the Energy Market Non-clearing Member.

The Energy Market Non-Clearing Member acknowledges that if at the time of the investigation the Limit increase Amount is not available in the cash account of the Energy Market Non-clearing Member, KELER CCP is not able to increase the limit according to the

² The minimum amount is 1000 EUR. The amount entered must be divisible by 1000. In any other cases the amount will be rounded up to the next thousand EUR.

³ The minimum amount required is rounded up to the next thousand EUR.

standing order, and it shall notify the relevant Energy Market Non-clearing Member about the fact of the limit breach and the suspension of the trading right in an e-mail message sent to the available e-mail addresses / e-mail addresses specified in the Master Data Sheet, also asking the Energy Market Non - Clearing Member to:

- give clear instructions for the limit increase in a reply email (to the email address limits@kelerkszf.hu) and
- ensure that the missing amount required to increase the limit is available on the settlement account of the Energy Market Non-clearing Member.

The Energy Market Non-Clearing Member acknowledges that KELER KSZF shall be in the position to increase the limit according to the limit increase instruction on the given day, in case the amount required to increase the limit is available by 17:00 (CET) on the given day on the cash account of the Energy Market Non-clearing Member.

The Energy Market Non-Clearing Member acknowledges that KELER CCP will take the necessary measures to implement the limit increase, but will not be liable for failure.

The Energy Market Non-clearing Member also acknowledges that it is not possible to increase the limit in case of limit utilization according to Point 1.2.2.

This standing order is valid until revoked.

Date:

.....
Signature

Annex 2. Cancellation of a standing order

Company name:

registered seat:

company registration number:

hereinafter referred to as the Energy Market Non-Clearing Member, withdraw the Standing order to increase trading limits in the event of a limit breach given by me on

Date:

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Signature