

9-01 KELER CCP's Announcement

Threshold regarding forwarded ECC default fund

Effective from: 15 September 2022

Provisions in respect of forwarded ECC default fund regarding IX of KELER CCP Ltd.'s General Business Rules as follows.

Threshold

Threshold value: 0 Euro, that is the whole ECC default fund is forwarded.

Proportional allocation

During the risk-proportional allocation according to the General Business Rules of KELER CCP the following process is applicable in order to enforce the principle of proportionality based on the practice of calculation the default fund contribution specified by ECC and applied by ECC.

1st calculation method

The basis for allocation shall be the sum of the individual collateral determined by ECC for a given Energy market non-clearing member (i.e. calculated individual risk) and the total individual collateral defined by ECC for each energy market non-clearing member (i.e. aggregated risk) settled by KELER CCP:

$$\text{Individual contribution (\%)} = \frac{\text{Sum of individual risk determined by ECC}}{\text{Sum of total individual risk determined by ECC}}$$

2nd calculation method

The basis for allocation as specified by ECC, shall be the amount of the additional collateral determined by ECC for a given Energy Market Non-Clearing Member resulting in exposure during the calculation of the default fund contribution (i.e. calculated individual risk) and as specified by ECC, the total amount of the additional collateral determined by ECC for all other Energy Market Non-Clearing Member resulting in exposure during the calculation of the default fund contribution (i.e. aggregated risk) settled by KELER CCP:

$$\text{Individual contribution (\%)} = \frac{\text{Sum of individual risk determined by ECC}}{\text{Sum of total individual risk determined by ECC}}$$

The quotient of individual contribution will be determined as specified by ECC and practice applicable, based on the individual calculated risk valid on the day of determination.

Settlement cut-off

Following the determination, KELER CCP will inform Energy Market Non-Clearing Members via email about the practice applicable as specified by ECC and the amount of the forwarded ECC default fund, which shall be settled at 10:00 a.m. on the following clearing day. The amount will be

deducted from the Energy market non-clearing member's settlement account in line with the rules applicable for daily margin requirement settlement.

In case of using and replenishment of the ECC default fund as ordered by ECC due to default, Energy market non-clearing members shall settle their default fund contribution until the tenth (10th) clearing day following the determination of the obligation at the latest. In case of delay or failure to perform the forwarded ECC default fund, KELER CCP will act in accordance with the default rules of the General Business Rules applicable.

If the forwarded ECC default fund contribution provided by the Energy market non-clearing members falls below the threshold level, KELER CCP shall return the contribution collected to the Energy Market Non-Clearing Members account according to the distribution ratios set on the day of transfer until 10:00 a.m. on the clearing day.

Examples for applying the threshold:

1. Example: ECC default fund requirement is EUR 10.0 Million

The current ECC default fund requirement as determined by the ECC is EUR 10,000,000, and it shall be distributed in a proportionate manner among the Energy market non-clearing members.

Calculation example for proportional distribution in case of 1st method applicable:

1. Calculated risk for a given individual Energy market non-clearing member determined by ECC = EUR 270,000
2. Calculated risk determined by ECC for all Energy market non-clearing members of KELER CCP = EUR 43,771,826.80.

Individual quotient (rounded to four decimals) for the given Energy market non-clearing member = $270,000 / 43,771,826.80 = 0.6168\%$.

On the basis of the quotient, the amount of the forwarded ECC default fund to be fulfilled by the relevant Energy market non-clearing member (rounded to the nearest integer) = $EUR 10,000,000 \times 0.6168\% = EUR 61,680$.

Calculation example for proportional distribution in case of 2nd method applicable:

1. The amount of additional collateral for the Energy Market Non-Clearing Member resulting in risk exposure as specified by ECC = EUR 4,200,000.00
2. The aggregated risk calculated for all Energy Market Non-Clearing Member resulting in risk exposure as specified by ECC = EUR 10,000,000.80.

Individual quotient (rounded to two decimals) for the given Energy Market Non-Clearing Member = $4,200,000.00 / 10,000,000.00 = 42.00\%$.

On the basis of the quotient, the amount of the forwarded ECC default fund to be performed by the relevant Energy Market Non-Clearing Member (rounded to the nearest integer) = $EUR 10,000,000 \times 42.00\% = EUR 4,200,000.00$.

2. Example: Using and replenishment of ECC default fund due to default

In line with the ECC Clearing Regulation, if one or more Clearing Member defaults, the ECC is entitled to use the default fund. If the default fund is used, ECC will recalculate the default fund and order replenishment to the extent of the original (pre-use) contribution. In this case, KELER CCP is entitled to transfer the new default fund contribution, and the contribution obligation of the Energy Market Non-Clearing Members will be determined in the same way as in Example 1 or 2 related to the actually applicable methodology.

Budapest, 15 September 2022

KELER CCP Ltd.