



Trading Terms for EUAs

*Approved by Resolution of the Management Board No 69/16/21 of 7 April 2021
effective as of 1 May 2021.*

DEFINITIONS AND ABBREVIATIONS

Clearing Bank, Paying Bank of the House – means the bank which, under an agreement with the House and agreements with Paying Banks of the Clearing Participants of the House, provides financial services related to the settlement of transactions concluded on the market for the Clearing House. The role of the Paying Bank is fulfilled by Deutsche Bank Polska S.A.;

Paying Bank of the Participant of the House – means the bank through which the Participant of the House settles its liabilities and receivables in respect of the clearing operations carried out by the House;

Exchange Member – means any entity which has executed a membership agreement with the Exchange;

Directive 2003/87/EC – means Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC, as amended by Directive 2018/410 of the European Parliament and of the Council of 14 March 2018.;

Directive 2014/65/EU – means Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU;

Exchange or TGE – means Towarowa Giełda Energii S.A. having its registered office in Warsaw;

financial instrument – means a financial instrument within the meaning of the Act on Trading in Financial Instruments;

House or IRGiT – means the Warsaw Commodity Clearing House having its registered office in Warsaw, which is authorised to clear and settle transactions made in the FIM under an agreement concluded with the Exchange, in accordance with the Act on Trading in Financial Instruments;

account in the Union Registry – means an account used to register Emission Allowances in the Union Registry;

clearing accounts – means recording devices kept by the Warsaw Commodity Clearing House, serving for determination of liabilities and receivables resulted from clearings of the exchange transactions, mentioned in the Detailed Rules of Clearing and Settlement, accessible on the website (www.irgit.pl);

collateral accounts – means recording devices serving for registering total value of collaterals lodged by the House's Participants and mentioned in the Detailed Rules of Clearing and Settlement, accessible on the web page (www.irgit.pl);

clearing price – means the price determined at the moment of the transaction preceding the clearing, expressed in PLN (with accuracy of 0.01 PLN) per 1 EUA;

House Regulations – means the Regulations of the Clearing and Settlement House, according to the consolidated text adopted on 30 April 2019 by the Management Board of IRGiT pursuant to Resolution of the Supervisory Board of IRGIT No. 22/04/IV/2018, as amended, available on IRGIT's website (www.irgit.pl);

FIM Rules – means the Trading Rules for the Financial Instruments Market of TGE, as established by the Supervisory Board of TGE by virtue of Resolution No. 178/38/VII/19 of 29 March 2019, as amended (current text of the Rules for the Financial Instruments Market of TGE is available on the Exchange's website www.tge.pl);

FIM – means the Financial Instruments Market operated by the Exchange;

Union Registry – means the Union registry referred to in Article 3(17) of the Act of 12 June 2015 on Emission Trading Scheme (Dz.U.2015.1223, as amended);

Participant of the House – means the entity which has obtained membership with the House pursuant to a resolution of the Management Board of IRGiT and has been admitted by the House to clear transactions concluded on the market;

Clearing – means the determination of the balance of debits or credits resulting from transactions concluded by the Participant of the House, or by an Exchange Member as a client of the Participant of the House;

Settlement – means the execution of a transaction concerning Emission Allowances cleared by the House through a cash transfer or the transfer of Emission Allowances, in connection with a transaction concluded on the market;

SZOR – means the Detailed Trading Rules for the Financial Instruments Market of TGE set forth in accordance with the FIM Rules by the Exchange Management Board;

Emission allowances, EUAs – means emission allowances understood as EUAs traded on the financial market;

Trading Act – means the Act on Trading in Financial Instruments of 29 July 2005;

Trading Terms – means these Trading Terms for Emission Allowances;

Part 1. INTRODUCTION

The present "Trading Terms" apply to an instrument concerning Emission Allowances.

A contract is deemed to be an agreement made between the seller and the buyer on the Financial Instruments Market operated by TGE, on the terms and conditions specified by the Exchange in the terms of reference for the Emission Allowances instrument. The performance of the agreement shall take place through financial settlement and physical delivery of the Emission Allowances according to the terms set out by the House. The delivery of the Emission Allowances shall be executed through the transfer of the allowances to the account of the buyer in the Union Registry. As a precondition for admission to trading in respect of Emission Allowances, a party is required to have an account in the Union Registry.

The clearing, which consists in the determination of the debits and credits in respect of transactions made on the FIM and the calculation of the clearing amounts, shall take place after each market session on the basis of the transaction price.

Detailed principles for securing claims arising under the contracts being subject to these Trading Terms, for collateral margin determination as well as the clearing principles applicable to such contracts are set out in Part 4 of these Trading Terms ("Appendix – Measures securing the liquidity of clearing").

The starting date for the trading of the Emission Allowances under these Trading Terms shall be set in a resolution of the Exchange Management Board, provided that such date shall not be sooner than within 7 days and not later than 30 days of the publication of such resolution.

The last day of trading in Emission Allowances is 30 April 2031.

Detailed principles for the determination of the starting and ending dates for trading the Emission Allowances under these Trading Terms are described in Part 3 "Specification of Trading Terms".

Towarowa Gielda Energii S.A. disclaims any liability in respect of the investment risk related to the trade in the Emission Allowances under these Trading Terms. At the same time, the potential buyers and issuers of such Emission Allowances should pay particular attention to the risks related to the investment in the contracts being subject to these Trading Terms, which are described in section 3.1. of Part 3 of these Trading Terms.

These Trading Terms were prepared on 30 March 2021.

The effectiveness of these Trading Terms expires on 30 April 2031.

These Trading Terms shall be made public at least 7 days prior to the beginning of trading of the first series of the contracts under these Trading Terms, through their publication on the Exchange's website (<http://www.tge.pl>).

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Part 2. PERSONS RESPONSIBLE FOR THE ENTIRETY OF THE INFORMATION PROVIDED IN THESE TRADING TERMS

Section 2.1. Company name, registered office and address of the entity responsible for the preparation of Parts 1 - 3 of these Trading Terms

Company name: Towarowa Giełda Energii S.A.
Registered office: Warsaw
Address: ul. Książęca 4, 00-498 Warszawa
Phone: +48 22 341 99 12
Fax: +48 22 341 99 10
Email address: tge@tge.pl
Website address: <http://www.tge.pl>

Section 2.2. Persons authorised to act on behalf of Towarowa Giełda Energii S.A.

Current composition of the Management Board

1. Piotr Zawistowski – President of the Management Board
2. Adam Młodkowski – Vice-President of the Management Board
3. Piotr Listwoń – Vice-President of the Management Board

Section 2.3. Representation on the liability of persons acting on behalf of the entity responsible for the preparation of Parts 1 - 3 of the Trading Terms

Acting on behalf of the Exchange as the entity responsible for the preparation of these Trading Terms, we represent that all the information contained in Parts 1 - 3 of these Trading Terms prepared by the Exchange is true, accurate and free of any omissions with respect to any facts or circumstances which are we are required to disclose under the applicable legal regulations.

**Piotr Zawistowski –
President of the
Management Board**

**Adam Młodkowski – Vice-
President of the
Management Board**

**Piotr Listwoń – Vice-
President of the
Management Board**

Section 2.4. Representation of the market operator company on responsibility for transaction clearing

Towarowa Giełda Energii S.A. as the company responsible for the operation of the market represents that it shall ensure efficient and accurate clearing of transactions concluded on the FIM through the execution, on 8 July 2015, of the "Agreement on Cooperation in the Settlement and Clearing of Exchange Transactions" with IRGiT, i.e. the entity authorised to clear transactions according to the Trading Act, and that the above-mentioned agreement is performed according to Part 4 of these Trading Terms.

Section 2.5. Details of the entity responsible for the preparation of Part 4 of the Trading Terms ("Appendix – Measures securing the liquidity of clearing")

Company name:	Izba Rozliczeniowa Giełd Towarowych S.A. (IRGiT)
Registered office:	Warsaw,
Address:	ul. Książęca 4, 00-498 Warszawa
Phone:	+48 22 341 99 01
Fax:	+48 22 341 99 83
Email address:	irgit@irgit.pl
Website address:	http://www.irgit.pl

Section 2.6. Persons acting on behalf of IRGIT

Current composition of the Management Board

1. Andrzej Kalinowski – President of the Management Board
2. Łukasz Goliszewski – Vice-President of the Management Board

Section 2.7. Representations of persons acting on behalf of IRGiT

Acting on behalf of IRGiT, we, the undersigned members of the Management Board represent that all the information contained in Part 4 of the Trading Terms ("Appendix – Measures securing the liquidity of clearing") are true, accurate and free of any omissions with respect to any facts or circumstances which are we are required to disclose under the applicable legal regulations.

Andrzej Kalinowski
**President of the
Management Board**

Łukasz Goliszewski
**Vice-President of the
Management Board**

Part 3. SPECIFICATION OF TRADING TERMS

Section 3.1. Description of risks for buyers and issuers of Emission Allowances

3.6.1 Liquidity risk

Initially, when the Emission Allowances start to be traded, the level of activity and engagement of market participants is expected to be fairly limited. Therefore, situations may occur when the conclusion of a larger transaction will either be impossible or will involve a significant change of the contract price. The liquidity of trading may also depend on the activity of market makers. TGE does not define the minimum number of market makers and for this reason, especially in the initial period of trading in Emission Allowances, there may be cases when no party is obliged, as a market maker, to continue placing buy or sell orders for specific financial instruments in order to maintain the liquidity of trading.

3.6.1 Market risk

The market risk is related to the price fluctuations of Emission Allowances both on the Polish and European market. Emission Allowances are an international instrument traded on the markets of the countries making part of the European Union. Emission Allowance prices in all these countries are correlated.

3.6.1 Specific risks

The pan-European nature of the market for Emission Allowances results from the fact that the financial instrument has been standardised in a uniform manner throughout the Union. The European Parliament's environmental policy decisions have a direct and indirect impact on the price of the allowances. There is a single emission trading scheme for all Member States, just as there is a single Union Registry, but only on the Polish market trading is denominated in PLN. Considering that the currency of quotations on the most liquid markets of Emission Allowances is different from the currency of quotations for TGE, the currency risk of EUR/PLN exchange rate fluctuations represents a significant specific risk. „ According to the Act of 12 June 2015 on the greenhouse gas emission trading scheme (Journal of Laws of 2015, item 1223, as amended):

Emission allowances created in the Union Registry from 1 January 2013 are valid indefinitely. Emission allowances created in the Union registry as of January 1, 2021, shall contain information indicating in which ten-year period as of January 1, 2021, they were created.

The allowances referred to in the preceding sentence shall be valid for emissions from the first year of the period referred to above.

3.6.1 Legal risk

Market participants should take into account that the energy and fuel sector operates in certain legal framework, in particular with respect to legal regulations, both national and EU, which may affect the price of Emission Allowances and may change over time. Any decision to buy or sell Emission Allowances involves, among other things, the need to assess the related legal risk.

Section 3.2. Conditions to be fulfilled by issuers and buyers of Emission Allowances

The following entities may be buyers or sellers of financial instruments under these Trading Terms:

- a) Exchange Members admitted to operate on the FIM with respect to Emission Allowance contracts according to the FIM Rules, conforming to the applicable clearing and settlement requirements and holding an open account in the Union Registry,
- b) entities acting through investment firms which conform to the requirements set out in point a) above.

Market participants who are the issuers or buyers of Emission Allowances under these Trading Terms may be either residents or non-residents within the meaning of the Foreign Currency Act of 27 July 2002 (Dz.U.2012.826, as amended).

Section 3.3. Detailed specification of the rights and obligations resulting from the Emission Allowance contracts

According to the provisions of the FIM Rules, a contract for Emission Allowances shall be understood as a sale agreement concluded between the seller and the buyer of Emission Allowances, on the terms and conditions specified by the Exchange in the terms of reference for the instrument, in which the parties agree a clearing price applicable during the execution period of such agreement. The performance of the agreement shall take place through financial settlement and physical delivery of the Emission Allowances according to the terms set out by the House.

The Emission Allowances may be subject to exchange transactions concluded on the FIM, i.e. a regulated market operated by the Exchange according to the FIM Rules and other regulations applicable to that market.

The clearing shall take place after each trading session and shall consist in determining the debits and credits of market participants in respect of the concluded contracts and calculating the clearing amounts.

The clearing shall be effected on the basis of the clearing prices being the product of the clearing price of the contract determined at the moment of concluding the transaction and the lot size of the contract. The clearing prices shall be expressed in PLN.

The detailed principles for securing the claims resulting from contracts for Emission Allowances are set out in Part 4 of these Trading Terms ("Appendix – Measures securing the liquidity of clearing").

Market participants should pay special attention to Part 4 of these Trading Terms ("Appendix – Measures securing the liquidity of clearing") which describes the obligations of the Participants of the House and the principles governing the accrual of amounts due to the parties to a transaction.

Section 3.4. Method of determination of the starting and ending date for trading Emission Allowances

The starting date for the trading of the Emission Allowances under these Trading Terms shall be set in a resolution of the Exchange Management Board, provided that such date shall not be sooner than within 7 days and not later than 30 days of the publication of such resolution.

The trading of Emission Allowances shall continue until 30 April 2031.

The Exchange may designate a different last trading day provided that the relevant information is communicated to the public at least 14 days prior to the date of the last trading day.

In particular, the designation of a different last trading day may take place in case when the Exchange Management Board takes a decision to discontinue the quotation of Emission Allowances due to business-related circumstances. Such circumstances may specifically include the lack of rationale for continued quotations due to the lack of interest in trading the Emission Allowances among the trading participants. The decision may also be motivated by the need to ensure security of trading, specifically due to any change in the legal environment which affects the possibility of continuing the trading or clearing, the lack of adequate market liquidity or other developments which may affect the security of trading.

Section 3.5. Date for exercising the rights under the contracts for Emission Allowances

The contracts for Emission Allowances shall be cleared on the transaction day, according to the rules specified by the House.

The financial settlement shall be made on the first business day following the transaction day.

The physical settlement shall be made on the transaction date through debiting or crediting of the Emission Allowance account maintained by IRGiT for the respective Participant of the House.

The Emission Allowances shall be delivered through their transfer from the House account kept in the Union Registry into the account indicated by the Participant of the House and maintained in the same Registry. As a prerequisite to transfer of the Emission Allowances, the Participant of the House is required to submit an application according to the rules specified by the House.

Section 3.6. The Emission Allowance Index and the method of its determination

3.6.1 Overview

The TGEeua20 index is used to determine the reference price for static spreads, i.e. price limits in orders. It shall be determined after the end of each trading session day on which an instrument for Emission Allowances is traded, starting from the date of the first transaction for that instrument. The index shall be determined as a weighted average of transaction prices where the weight is the volume of transactions concluded.

When it is not possible to determine the index, for the purposes of trading in the Emission Allowance instrument, the last index value determined shall be adopted as the theoretical reference price.

The first reference price determined for the purposes of trading in the Emission Allowance instrument shall be determined by the Exchange and shall apply until the index is determined on the basis of transactions made during the session.

The Exchange reserves the right to determine the theoretical reference price in case of significant changes in the regulations concerning the trading of Emission Allowances, in particular when such changes affect the number of allowances being traded.

3.6.2 Principles of Calculation

$$TGEeuaRR = \sum_{i=1}^n P_i \times \left(\frac{V_i}{V} \right),$$

where:

RR – two last digits of the year of the end of the settlement period of the instrument for which the index is determined,

N – number of transactions,

P_i – the price fixed for the i^{th} transaction,

V_i – trading volume of the i^{th} transaction,

V – total trading volume on the given day.

3.6.3 Place and principles of publication of the value of the TGEeua20 index

The value of TGEeuaRR index calculated on the basis of transactions concluded for the Emission Allowance instrument shall be published by the Exchange on the TGE's website every day after the end of the trading session on the day the instrument is traded (www.tge.pl).

The Exchange disclaims any liability for any damage suffered by the market participants in case when the publication of the index is delayed or suspended, or when an incorrect value of the index is announced during a session, or when the index stops to be computed.

Section 3.7. Position limits

In case when the competent supervision authority introduces positions limits within the meaning of Article 57 of Directive 2014/65/EU, TGE shall monitor open positions resulting from the activities of Exchange Members concerning the Emission Allowance instrument.

Section 3.8. Basic rules of trading for Emission Allowances

3.8.1 Exchange trading in Emission Allowances

The trading in Emission Allowances shall take place on the Financial Instruments Market operated by the Exchange in accordance with the FIM Rules and other regulations applicable to that market.

3.8.2 Admission to exchange trading

1. The decision on the admission of a financial instrument for Emission Allowances to exchange trading on the FIM shall be taken Exchange Management Board.
2. The admission of a financial instrument for Emission Allowances to exchange trading on the FIM shall be effected through determining the terms of reference for such contracts and shall require the public disclosure of such terms by the Exchange.

3.8.3 Introduction of a financial instrument - Emission Allowances

The financial instrument for Emission Allowances shall be introduced to exchange trading on the FIM by the Exchange Management Board.

3.8.4 Detailed principles of trading in the Emission Allowance financial instrument

The detailed rules of the exchange trading in financial instruments on the FIM are set out in the Detailed Trading Rules for the Financial Instruments Market of the Towarowa Giełda Energii S.A.

3.8.5 Change to the Exchange Rules or other exchange regulations applicable to Emission Allowance trading

1. The resolution concerning changes to the Rules of the Financial Instruments Market of TGE shall be taken by the Supervisory Board of the Exchange.
2. According to the Trading Act, any changes to the FIM Rules shall require approval by the PFSA. The PFSA shall decline their approval for the changes to the FIM Rules when the proposed changes are in conflict with the law or could compromise the security of trading.
3. Any changes to the Detailed Trading Rules for the Market in Financial Instruments of Towarowa Giełda Energii S.A. shall be made by the Exchange Management Board subject to the notification of the substance of such changes to the Exchange Members at least 2 weeks before the effective date thereof.

3.8.6 Parties to transactions on the FIM

1. Subject to the provisions of the FIM Rules, only an Exchange Member admitted to the operation on the Financial Instruments Market may be a party to exchange transactions.
2. Only an Exchange Member holding an account in the Union Registry may be a party to an exchange transaction concerning Emission Allowances.
3. Each buy order which shall be validated for financial cover by comparing the required collateral value corresponding to the aggregate value of the buy Orders placed on the financial market by the Exchange Member and the value of the concluded buy transactions, less the value of the concluded sell transactions, against the transaction limit set by the House according to the principles defined by the it. The required collateral shall be determined only on the basis of orders and transactions executed in respect of the financial market. Should the order validation reveal that the required collateral amount exceeds the level of the transaction limit of the Exchange Member, the buy orders of such Exchange Member shall not be executed by the Exchange.
4. Each sell order shall be validated for the number of Emission Allowances, by comparing the required collateral value corresponding to the total number of Emission Allowances under sell orders placed on the market by the Exchange Member and the number of the number of Emission Allowances under the concluded sell transactions, less the number of Emission Allowances under the concluded buy transactions, against the balance of the Emission Allowances held, which is established by the House. Should the order validation reveal that the required number of Emission Allowances exceeds the number of the Emission Allowances held by the Exchange Member, as established by the House, the sell orders of such Exchange Member shall not be executed by the Exchange.
5. The general principles concerning the membership in the exchange are set out in the FIM Rules and in the Detailed Trading Rules (SZOR).

Section 3.9. Terms of Reference for the Emission Allowances financial instrument

The terms of reference for the Emission Allowances instrument (European Union Allowances - EUA) within the meaning of Article 3 of Directive 2003/87/EC, issued to the Operators of stationary installations, effective in the fourth phase of the EU ETS (2021-2030), as determined by Resolution No. of the Management Board of Towarowa Giełda Energii S.A. dated.

Abbreviated contract name	C_EUA-30 where: - C_EUA - financial instrument for EUA Emission Allowances - 30 - the last two digits of the year of the end of the reference period.
ISIN Code	Assigned by the National Depository for Securities according to the ISO 6166 standard.
Instrument description	Emission Allowances are the emission allowances referred to in Article 3(22) of the Act of 12 June 2015 on the greenhouse gas emission allowance trading scheme (Journal of Laws of 2017, item 568 and 1089).

TGEeua30 index	The index is used to determine the reference price for price limits in orders. The TGEeua20 index is determined after the end of each trading session of the Emission Allowance instrument starting from the day on which the first transaction for a given instrument is made. The index is determined as a weighted average of prices in transactions concluded during the session where the weight is the volume of transactions concluded.
Last trading day of the instrument	30 April 2031 If no trading session is held on that day, the last trading day shall be the trading day directly preceding 30 April 2031.
Quotation unit	1 contract corresponding to 1 EUA
Nominal value of the contract (instrument)	1 EUA 1 EUA corresponds to one megagram (1 Mg), i.e. one tonne of carbon dioxide (CO₂) or the quantity of other greenhouse gas equivalent to one megagram (1 Mg), one tonne, of carbon dioxide (CO₂), converted based on the global warming potential
Quotation increment (minimum price change)	0.01 PLN/1 EUA
Quotation increment value (minimum contract price change)	PLN 0.01
Maximum quantity of EUA per order	One order may comprise up to 10,000 Emission Allowances.
Clearing price (Contract value)	The transaction price multiplied by the contract volume, expressed in Polish zlotys.
Settlement method	Financial settlement is made in Polish zlotys on the first business day following the day of concluding the transaction. The settlement of VAT shall be done in accordance with the applicable regulations. The physical settlement shall be effected on the day of concluding of the transaction through debiting or crediting of the Emission Allowance account kept by IRGiT. The delivery of the Emission Allowances shall take place at the request of the Participant of the House (IRGiT) according to the rules specified by IRGiT.
Transaction margin to be paid by the investor	The purpose of the transaction margin shall be to secure the settlement. The Management Board of the House shall define, by way of a resolution, the minimum value of the transaction margin.
Requirements applicable to the buying party	Buy orders shall be verified for the transaction margin cover according to the principles set out by IRGiT.
Requirements applicable to the selling party	A party placing a sell order must hold an appropriate number of EUAs in the Emission Allowance account kept by IRGiT to cover the volume of the sell order being placed, according to the principles set out by IRGiT.
Special cases	In special cases, the Exchange Management Board shall determine the course of action to be taken and immediately disclose it to the public.

Section 3.10. Taxes

Transactions concluded in respect of Emission Allowances, including the income arising from the transactions concluded, shall be subject to taxation in accordance with the applicable laws in Poland.

Section 3.11. Other information which may materially influence the evaluation of financial instruments and risks involved in their purchase

Apart from the information contained in these Trading Terms, the Exchange is not aware of any other information which could materially influence the evaluation of the contracts for Emission Allowances and risks involved in buying such instruments.

Section 3.12. Change to the Trading Terms

Each change to the data contained in these Trading Terms shall be made public by the Exchange.

Part 4. Appendix – Measures securing the liquidity of clearing

The liquidity of settlements shall be secured pursuant to the "Agreement on Cooperation in the Clearing and Settlement of Exchange Transactions" executed between Towarowa Giełda Energii S.A. (TGE) and Izba Rozliczeniowa Giełd Towarowych S.A. (IRGiT).

Detailed principles for the clearing and settlement of transactions concluded on the FIM have been set out by IRGiT in the Regulations of the Clearing and Settlement House and in the Detailed Clearing and Settlement Principles, accessible on the IRGiT's website (www.irgit.pl).

Section 4.1. Transaction clearing guarantee system

4.1.1 Components of the clearing guarantee system

1. The House shall establish and manage a system to guarantee the clearing of transactions entered into on the market, based on the funds of the Participants of the House collected in the sub-accounts of the transaction margins account kept by IRGiT in the Paying Bank of the House or in case of the Participants of the House that have obtained the relevant consent of the IRGiT Management Board, in the clearing accounts kept in the Paying Bank of the Participant of the House.

2. Each Participant of the House shall hold a margin account in the clearing system which shall reflect the current balance of collateral contributions with respect to the positions to be cleared by such Participant.
3. On each business day, after the clearing is completed, the balance of the collateral account shall be updated based on the cash payments made.

Section 4.2. Transaction Margin

4.2.1 Principles for the determination of a transaction margin

1. The purpose of the transaction margin shall be to secure the settlement.
2. The funds towards the transaction margin contributed by the Participant of the House shall constitute the basis for the calculation of the transaction limit for the Participants of the House and their clients. The transaction limit shall determine maximum total daily value of the Emission Allowance buy transactions that may be entered into on given day by the Participant of the House.
3. Payments towards the transaction margin shall be made by Participants of the House.
4. Cash disbursements from the funds contributed towards the transaction margin shall be made on business days upon an order of the Participant of the House, in accordance with the Detailed Clearing and Settlement Principles.
5. The Management Board of the House shall define, by way of a resolution, the minimum value of the transaction margin.

Section 4.3. Clearing and settlement of transactions and the delivery of Emission Allowances

4.3.1 Requirements applicable to the party selling Emission Allowances

As a precondition to placing an order for sale of Emission Allowances the Participant of the House is required to hold, on a given day, in the IRGiT's Account in the Union Registry, a sufficient volume of Emission Allowances to cover the sell orders placed.

4.3.2 Clearing and settlement process

1. The clearing currency shall be Polish zloty.
2. The Participant of the House shall hold at least one clearing account used for clearing operations resulting from the Emission Allowance contracts entered into. A separate clearing account shall be created for each client of the Participant of the House.
3. The clearing process shall begin once the details of all the transactions made on the market on a given session day are received by the House from the Exchange and confirmed as being final.
4. Transaction clearing shall take place on each trading day.
5. The financial settlement shall be made on the first business day following the transaction day.
6. The physical settlement shall be made on the transaction date through debiting or crediting of the Emission Allowance account maintained by IRGiT for the respective Participant of the House.

4.3.3 Delivery of Emission Allowances

The Emission Allowances shall be delivered through the transfer of the allowances from the House account kept in the Union Registry into the account indicated by the Participant of the House and maintained in the same Registry. As a prerequisite to transfer of the allowances, the Participant of

the House is required to submit an application according to the Detailed Clearing and Settlement Principles.

Section 4.4. Procedure in case of a failure to discharge obligations

4.4.1 Procedure to be followed in the event of a shortage of funds to cover liabilities arising from transactions concluded

1. The Participants of the House shall pay the amounts due by them in respect of the concluded transactions on the next business day under the pain of not being admitted to operation on the FIM.
2. If the Participant of the House failed to secure sufficient amount of cash in the clearing account kept with the Paying Bank of the Participant of the House to cover its obligations, the obligations shall be paid with funds contributed against the transaction margin.
3. At the request of the Member of the House, the House may suspend the possibility of new contracts being concluded by an Exchange Member that is a client of the said Member of the House, and may also close any positions opened by such Exchange Member, if the clearing of the same is the responsibility of the Member of the House.