ALBANIAN POWER EXCHANGE J.S.C

TECHNICAL DECISION No. 3-C

On
“Risk Management procedures in the Clearing System and other related issues”

Having regard to the provisions of the;

I. Chapter G and Chapter E of the Electricity Market Rules - Clearing and Settlement Procedures.

II. Electricity Market Rules – General Terms.

III. Electricity Market Rules - Trading Procedures.

ALPEX J.S.C Approved:

1. The procedure of risk management in the Clearing system.

2. Technical Decision No. 3-C is submitted for notification to the Energy Regulatory Authority – ERE / Energy Regulatory Office - ERO.

This decision takes effect immediately.

CEO OF ALPEX J.S.C

Sokol Dishnica

Sokol Dishnica

Digitally signed by Sokol Dishnica
Date: 2023.09.08 13:14:24 +02'00'

TECHNICAL DECISION No. 3-C

ARTICLE 1

1. SCOPE OF APPLICATION AND DEFINITIONS

1.1. Scope of Application

(a) This Technical Decision determines the risk management procedures of the Energy Market Clearing System (hereinafter the EMCS) in implementation of the Electricity Market Rules - Clearing and Settlement Procedures for Transactions on ALPEX Markets and other relevant matters.

(b) In particular, the Technical Decision specifies the following matters:

(i) Methodology of the Margin Requirements and Intraday Risk Calculation (Monitoring of Credit Limit) stipulated in the Electricity Market Rules - Clearing and Settlement Procedures, sections G.5.1 and G.5.2.

(ii) Definition of Acceptable Collaterals for the cover of Margin Requirement stipulated in the Electricity Market Rules - Clearing and Settlement, sections G.3, G.3.2, G.3.3.

(iii) Rules for Default Fund's Calculation stipulated in the Electricity Market Rules - Clearing and Settlement of sections E.1.2, E.1.3, E.2.1 and E.2.2.

(iv) Rules for communication defined in Annex III.

1.2. Definitions

(a) The terms and definitions used in this Technical Decision shall have the same meaning as the corresponding terms and definitions in Electricity Market Rules - Glossary and explanation in the Electricity Market Rules - General Terms, Electricity Market Rules - Clearing and Settlement Procedures and Electricity Market Rules - Trading Procedures, unless otherwise expressly stipulated.

(b) In all cases, the provisions of this Technical Decision are interpreted in accordance with the rules and principles set out in paragraph B.1.1.9 of the Electricity Market Rules - Clearing and Settlement Procedures.

ARTICLE 2

2. CALCULATION OF THE MARGIN REQUIREMENT OF SECTION G.5.1 AND INTRADAY RISK OF SECTION G.5.2 OF THE ELECTRICITY MARKET RULES - CLEARING AND SETTLEMENT PROCEDURES

2.1. Calculation of Margin Requirement set out in section G.5.1 of the Electricity Market Rules - Clearing and Settlement Procedures

(a) The Margin Requirement is calculated per Clearing Account during the clearing day and after the finalization of positions (at specific hour T as specified by Technical Decision of ALPEX in respect to the tasks' time schedule) for the purpose of the Collaterals' adequacy verification of the respective Clearing Account and Credit Limits' sett out of section G.5.2 of Chapter G of the Electricity Market Rules - Clearing and Settlement Procedures.

(b) The Margin Requirement is calculated according to the provisions of section G.5.1 of Chapter G of the Electricity Market Rules - Clearing and Settlement Procedures, as specified by this Technical Decision, and is based on the calculation of the loss that would be caused by non-fulfilment of the Clearing Member's obligations arising from the Clearing Account.

(c) The calculation of Margin is carried out, based on the net position (obligation/claim) of the Clearing Account, arising from the finalized transactions, which have been notified to the EMCS during the clearing day. Specifically:

   (i) if an obligation arises for the Clearing Member to pay a cash amount, which has not been settled yet, this amount is set as margin.

   (ii) if a claim arises for the Clearing Member to receive a cash amount, then the margin equals to this amount but with negative sign and shall be deemed as available cover, which may be used as Credit Limit of the Clearing Account until the previous working day of the credit payment.

(d) ALPEX shall be entitled at any time to modify the Margin calculation method for market protection reasons. ALPEX shall also be entitled to increase at any time the Margin requirements for all Clearing Accounts as well as for individual Accounts, and set a deadline for their cover, particularly taking into consideration any imminent risks. In both cases ALPEX is obliged to inform ERE/ERO immediately for the extraordinary application of the measure as well as the reasons that led to it.

2.2. **Calculation Methodology of Intraday Risk of section G.5.2 of the** Electricity Market Rules **- Clearing and Settlement Procedures**

(a) During the trading session, the Intraday Risk is subtracted from the Credit Limit of each Clearing Account, based on the unexecuted validated orders entered by the Exchange Member in the ETSS and the transactions concluded by the latter and not registered in the Clearing System.

(b) The Intraday Risk (R intraday) is calculated as the sum of the Risk arising from active orders (R orders) and the Risk from the trades already concluded (R trades), in accordance with sections 2.2.1 & 2.2.3 respectively, of this Technical Decision.

$\mathbf{R}_{\textbf{intraday}} = \mathbf{R}_{\textbf{orders}} + \mathbf{R}_{\textbf{trades}}$

(c) More specifically as follows:

(i) By entering an order or a combination of orders, the new Order Risk is calculated (R orders) for these Orders which is added to the existing Risk. If the total Intraday Risk (R intraday) is covered by the Clearing Member's Credit Limit for the Clearing Account and Exchange Member, the Order or the combination of Orders shall be validated and registered in the Order Book.

(ii) After each Order’s cancellation, the new Order Risk (R orders) is calculated by subtracting the Risk that has been added by the cancelled Order.

(iii) By cancelling a combination of Orders, the new Order Risk is re-calculated (R orders) by taking into account the Risk of each Order of the combination separately. If the total Intraday Risk (R intraday) is covered by the Clearing Account’s Credit Limit per Exchange Member, the Orders will be validated and registered into the Order Book. If not, one or more Orders are rejected.

(iv) When an Order is executed, the new Order Risk (R orders) is calculated by subtracting the Risk which had been added by the executed Order, while the new Trades Risk (R trades) is calculated by adding the Risk from the new trade.

The combination of Orders, mentioned in the previous paragraphs, is the technical function, where two or more Orders, declared by the Exchange Member through the System (ETSS), are combined to reduce the total Orders Risk. For the acceptance of this declaration, conditions must be met foreseen in Annex I.

2.2.1. Calculation of Order’s Risk

(a) Order Risk (R orders) is the risk undertaken by the Clearing Member from orders that remain active during the trading session, it is calculated prior to the entry of each order or combination of orders, per Clearing Account held by the Clearing Member for Exchange Member to which the Credit Limit has been assigned:

$R_{\text{orders}} = \Sigma_j\,[\,\max(V_{\text{order } j}, 0)] + \Sigma_k\,[\,\max(V_{\text{combination of orders } k}, 0)]$

where,

j = order

$V_{order, j}$ = value of order j that is not included in a combination of orders

k = combination of orders

$V_{combination\ of\ orders\ k}$ = value of combination of orders k

(b) For the calculation of the value of buy or sell Order, the following apply:

(i) For those that they have a specific price, the maximum potential cash obligation or claim of the Exchange Member is calculated. If the trade leads to a claim for the Exchange Member, the sign of the Order's value is negative and therefore it is not considered in the Order's Risk.

(ii) Especially for the calculation of the Order's value concerning the priority price-taking Orders, as price is used the Reference Price, which is calculated according to the paragraph 2.2.2 of this Technical Decision.

(c) For the calculation of combination Orders' value, the maximum potential cash obligation of the Exchange Member is calculated. If the transactions lead to a claim for the Exchange Member, the sign of the combination Orders' value is negative and therefore it is not considered in the Order's Risk.

(d) In the Annex I, there is a detailed description of the Order's Risk calculation for each order type and for combination of orders.

2.2.2. Reference Price Calculation

(a) For the calculation of the Priority Price Taking Order's Risk, Reference Prices are used that are calculated distinctly per Order type (buy or sell), Bidding Zone, Market (Day-Ahead Market or Local / Complementary Regional Intraday Auctions), type of the Delivery Day (working or no working) and Market Time Unit. The Reference Prices are calculated based on a model which considers the recent history of the Clearing Prices of the Day-Ahead and Local / Complementary Regional Intraday Auctions (LIDAs and CRIDAs). The applicable Reference Prices are announced on a daily basis in the Energy Trading Spot System (ETSS) and in the Energy Market Clearing System (EMCS).

(b) The Reference Price's calculation is performed on working days.

(c) The Reference Price for buy Orders is calculated per each segment of ALPEX Markets, Delivery Day, Market Time Unit and Bidding Zone, as the price which is greater than the 90% of the observations during the last 30 Delivery Days of the same type that concern the same Market, Market Time Unit and Bidding Zone, with zero (0) as a minimum price. If there are no available prices for the execution of the above calculation for a market, then the largest corresponding Reference Price that derived for the other markets will be used.

(d) The Reference Price for sell Orders is calculated per each segment of ALPEX Markets, Delivery Day, Market Time Unit and Bidding Zone, as the price which is greater than the 5% of the observations during the last 30 Delivery Days of the same type that concern the same Market, Market Time Unit and Bidding Zone, with zero (0) as the maximum price. If there are no available prices for the execution of the above calculation for a market, then the smallest corresponding Reference Price that derived for the other markets will be used.

(e) The above calculated Reference Prices may be readjusted ad hoc by ALPEX, due to special conditions, for the purpose of protecting the market. ALPEX is obliged to inform ERE/ERO immediately for the extraordinary implementation of the measure as well as the reason that led to it.

2.2.3. Calculation of the Trades' Risk

(a) The Trades' Risk (R trades) is the Risk which the Clearing Member undertakes for the trades which have been executed during the trading session. It is calculated after the execution of each trade per Clearing Account and per Exchange Member, to whom the Credit Limit has been assigned as follows:

$R_{\text{trades}} = \sum_i v_i$

where,

i = trade

V_i = value of trade i

(b) The value of the trade is calculated as the cash obligation or claim of the Exchange Member due to the trade. If the trade leads to a claim for the Exchange Member, the sign of the trade's value is negative.

ARTICLE 3

3. DEFINITION OF ACCEPTABLE COLLATERALS FOR THE COVERAGE OF MARGIN REQUIREMENT OF SECTION G.3.2, OF THE ELECTRICITY MARKET RULES - CLEARING AND SETTLEMENT PROCEDURES

3.1. Acceptance of Collaterals

(a) As acceptable collaterals of section G.3.2 of Chapter G of the Electricity Market Rules - Clearing and Settlement Procedures are defined:

(i) Cash,

(ii) Letters of Guarantee, which comply with the requirements of section G.3.2 of the Electricity Market Rules - Clearing and Settlement Procedures, carried out based on a standard sample, foreseen in Annex II.

(b) The Letters of Guarantee are evaluated until the fifth working day prior to their expiration.

(c) For the acceptance of the collateral by ALPEX, according to section G.3.2 of the Electricity Market Rules - Clearing and Settlement Procedures, the Clearing Member must declare the way of the allocation of the collateral per Clearing Account, as follows:

(i) For the acceptance of collateral in the form of cash, the Clearing Member is required to declare the way of its allocation, in writing, according to the standard form "Collateral in the form of cash".

(ii) For the acceptance of collateral in the form of Letter of Guarantee from ALPEX, the Clearing Member is required to declare the way of its allocation, in writing, according to the standard form "Collateral in the form of Letter of Guarantee".

(d) For releasing the received collateral from ALPEX according to G.2.2 of Chapter G of the Electricity Market Rules - Clearing and Settlement Procedures the following apply:

(i) To release collaterals in the form of cash, the releasing declaration is transmitted to ALPEX electronically through the System.

(ii) To release the collateral in the form of Letter of Guarantee before its expiry, a writing declaration by the Clearing Member is required, transmitted via email to ALPEX, according to the standard form "Collateral release in the form of a Letter of Guarantee before its expiry".

(e) The return of collateral is carried out:

(i) if it refers to the provided collateral in the form of cash, on the next working day of the return's request, unless ALPEX deem necessary the earlier return, for covering obligations relating to the EMCS,

(ii) if it refers to the provided collateral in the form of Letter of Guarantee, on the next working day of the return's request or on the next working day of expiry along with the submission of the standard authorization form "Authorization to Receive a Letter of Guarantee from ALPEX".

3.2. Collaterals Concentration Limits

(a) In implementation of section G.3.2 of Chapter G of the Electricity Market Rules - Clearing and Settlement Procedures, the following are defined:

(i) The percentage of required Margin per Clearing Account which should be covered in cash on a daily basis minimum at 70% and;

(ii) The maximum concentration limit of collaterals in the form of Letters of Guarantee by an issuer is set as a total of all Clearing Accounts. By depositing a Letter of Guarantee as follow:

No.	Banka which holds	maximum concentration limit of LoG per bank
1	More than > 10% of total asset of banking system	2.000.000 €
2	More than > 5% < less than 10% of total asset of banking system	1.200.000 €
3	More than > 3% < less than 5% of total asset of banking system	700.000 €
4	More than > 1% < less than 3% of total asset of banking system	300.000 €
5	less than < se 1% of total asset of banking system	150.000 €

ARTICLE 4

4. RULES OF DEFAULT FUND CALCULATION OF SECTIONS E.1.2, E.1.3, E.2.1 AND E.2.2 OF THE ELECTRICITY MARKET RULES - CLEARING AND SETTLEMENT PROCEDURES

4.1. Initial and minimum contribution of section E.1.3 of the Chapter E of the Electricity Market Rules - Clearing and Settlement Procedures

(a) The amount of the initial contribution of the General Clearing Members is at 150,000 Euro (fifty thousand).

(b) The amount of the initial contribution of the Direct Clearing Members is at 30,000 Euro (thirty thousand).

4.2. Time Period of Default Fund Calculation of section E.2.1 and section E.2.2 of the Chapter E of the Electricity Market Rules - Clearing and Settlement Procedures

(a) The size of Default Fund is calculated on a monthly basis and for the purposes hereof the term “calculation period” refers to the periods from the first day to the last day of each month in a calendar year.

4.3. Contribution Rate of section E.2.1 of the Chapter E of the Electricity Market Rules - Clearing and Settlement Procedures

(a) The Contribution Rate (a) of section E.2.1 of the Trading Rules - Clearing and Settlement Procedures is set equal to 100%.

4.4. Adjustment of share account of Default Fund because of corporate actions or other events with respect to the Clearing Members of section E.1.2 of the Chapter E of the Electricity Market Rules - Clearing and Settlement Procedures

(a) In the event of a merger of Clearing Members or other relevant corporate actions the share account of the Default Fund of the Clearing Member which maintains the capacity will be set equal to the sum of the share accounts of all the merging members until the next regular or extraordinary readjustment of the Default Fund. At the next regular or extraordinary readjustment of the Default Fund, for defining the share account of the Clearing Member which maintains the capacity, at first the share account of the Clearing Member which holds the capacity for the calculation time period before the merger, will be calculated, considering the Margins of Clearing Accounts of all merging Clearing Members and then the share account of the Clearing Member which holds the capacity for the calculation time period after the merger, will be calculated, considering only the Margins of Clearing Accounts of the Clearing Member which maintains the capacity. For the final determination of the Default Fund share account of the Clearing Member which maintains the capacity, the share accounts that result from the above calculations will be weighted based on the number of days of the above time period.

(b) In the event of transferring the Clearing Account to other Clearing Member, at the next regular or extraordinary readjustment of the Default Fund, for the determination of the Default Fund share account of the Clearing Member to which the Clearing Account is transferred, its share account will be calculated, for the time of the calculation period before the transfer, considering the Margin of the Clearing Account which is transferred, and its share account will also be calculated for the time of the calculation period after the transfer. For the final determination of the Default Fund share account of the Clearing Member to which the Clearing Account is transferred, the share accounts that result from the above calculations will be weighted based on the number of days of the above time periods.

(c) In the event of deletion of a Clearing Account, including also its transfer to other Clearing Member, for the determination of the Default Fund share account of the Clearing Member from which the Clearing Account is deleted, its share account will be calculated during the next regular or extraordinary readjustment of the Default Fund, without taking into account the Margin of the deleted Clearing Account.

ARTICLE 5

5. INITIAL DEFAULT FUND OF SHARE ACCOUNTS AND REFERENCE PRICES

5.1. Initial Default Fund of Share Accounts

(a) With the initiation of the Day-Ahead or Intraday Markets' operation, the initial calculation of the Default Fund share accounts for every Clearing Member, and by extension the total size of the Default Fund, will be implemented according to section E.2.1 of Chapter E of the Electricity Market Rules - Clearing and Settlement Procedures, where the Margin of a Clearing Account for each clearing day will be considered as the maximum value between the netted value of the transactions (buys minus sells) and zero, that have been executed by the Exchange Member of the respective Clearing Account, according to the Day-Ahead Schedule (DAS) for each day of the previous month from the implementation of the Day-Ahead and Intraday Markets. The calculation will be performed five (5) working days before the initiation of the Day-Ahead and Intraday Markets' operation and the Clearing Member's share account will be calculated by taking into account the Clearing Accounts of the Clearing Member as they are declared on that day.

5.2. Initial Reference Prices

(a) The calculation of the reference prices will be performed according to paragraph 2.2.2 of this Technical Decision, with the only difference that for those days and hours that there are no available prices from the Day-Ahead and Intraday Market, the relevant prices of the Day-Ahead Schedule will be used.

ARTICLE 6

6. ENTRY INTO FORCE

This Technical Decision enters into force on 07/09/2023.

This Technical Decision will be posted on official website www.alpex.al

ANNEX I.

CALCULATION OF ORDERS RISK

1. For the calculation of the risk of a buy or sell order, per type of order, the following apply:

- For a **Simple Orders** composed of step segments, for each MTU of Delivery Day D, the order risk equals to the maximum potential value Vmax among the maximum potential values Vi calculated for each individual segment i, which is calculated as follows:

1) For the step segments the value Vi is calculated as follows:

   - For buy orders

     Equals with the product of price and total quantity.

   - For sell orders

     In the case of a sell order, only steps with negative price can produce risk. For these steps, the value Vi equals with the opposite of the product of price and total quantity.

- For a **Buy Block Order**, if the order price is positive, the order risk equals with the product of the order's price and the sum of quantities of the individual segments of the Block Order, and if the order price is negative, then the order risk equals to zero. For a **Sell Block Order,** if the order price is positive, the order risk equals to zero, and if the order price is negative then the order risk equals with the opposite product of the order price and the sum of quantities of the individual segments of the block order.

- For a **linked Buy Block Order**, if the prices of all linked block orders are positive, the order risk equals with the sum, among all the linked blocks (parent & child linked blocks), of the product of each block price and the sum of the quantities of the individual segments of the relevant block, and if the price of a block of buy linked order is negative, then the risk of the corresponding block is zero and is not considered into the sum. For a **linked Sell Block Order**, if the prices of all the linked block orders are positive, the order risk is zero, and if the prices of some linked sell blocks order are negative, then the order risk equals with the sum, among all blocks with negative price, of the opposite product of the order price of each block and the sum of quantities of the individual segments of the relevant block.

- For **exclusive group of Block Orders**, the order risk equals with the maximum among the individual (maximum) risks of all the group's blocks, calculated as the product of the price of the corresponding block and the sum of quantities of the individual segments of the buy block / the opposite product of the price of the corresponding block and the sum of quantities of the individual segments of the sell block.

2. For the calculation of the Combined Orders' risk it is required that the 2 orders concern the same Clearing Account (sub-account) and the same Market Time Unit. The following 4 cases for the implementation of the combined order's risk calculation are distinguished:

A. In the case of a simple buy order with one price step and a simple sell order with one price step where the price of the buy order (Pb) > price of the sell order (Ps) then the calculation of the risk (required credit limit for orders) for the combination of orders will be performed with the following formula:

$K = \max[0, Ps*Qb, Pb*(Qb-Qs), -Ps*(Qs-Qb), -Pb*Qs]$

where:

K : the combined orders' risk

Ps: sell order price,

Pb: buy order price,

Qs: quantity of sell order, and

Qb: quantity of buy order.

B. In the case of two Priority Price Taking (PPT) orders, the calculation of the risk (required credit limit for orders) for the combination of orders will be performed with the following formula:

$K = \max[0, Rb*(Qb-Qs), Rs*(Qb-Qs)]$

Where:

K : the combined orders' risk

Rs: the reference price used for PPT sell orders,

Rb: the reference price used for PPT buy orders,

Qs: quantity of sell order and

Qb: quantity of buy order

C. In the case of a combination of one PPT buy order and one simple sell order with one price step, the calculation of the risk (required credit limit for orders) for the combination of orders will be performed with the following:

a) If $Qb >= Qs$

$K = \max[\min(Qb*Ps, Qb*Rb), Rb*(Qb-Qs), 0]$

b) Αν $Qb < Qs$

$K = \max[\min(Qb*Ps, Qb*Rb), Ps*(Qb-Qs), 0]$

K : the combined orders' risk

Ps: sell order price,

Rb: the reference price used for PPT buy orders,

Qs: quantity of sell order and

Qb: quantity of buy order

D. In the case of a combination of one simple buy order with one price step and a PPT sell order, the calculation of the risk (required credit limit for orders) for the combination of orders will be performed with the following:

a) Αν Qb>=Qs

K = max[min (-Qs*Pb, -Qs* Rs), Pb(Qb-Qs), 0]

b) Αν Qb<Qs

K = max[min(-Qs*Pb,-Qs*Rs), Rs*(Qb-Qs) ,0]

Where:

K : the combined orders' risk

Pb: buy order price,

Rs: the reference price used for PPT sell orders,

Qs: quantity of sell order and

Qb: quantity of buy order

For any other case the combination of orders for the risk calculation is not allowed.

ANNEX II.

LETTER OF BANK GUARANTEE

Ref. xxxx

No._______ Prot. **Tirana/Prishtina, on dd/mm/yyyy**

Guarantor: ....(fill details of the Bank issuing the Guarantee)...

Beneficiary: Bursa Shqiptare e Energjisë Elektrike Sh.a

Adress in Albania: Rruga Liman Kaba, Rezidenca Olympic,

Shkalla 3, Kati 1, Zyra 1, Tiranë, Shqipëri

NIPT: M02223006B

(Hereinafter referred to as **'ALPEX'**)

Adress in Kosovo: Rruga Ali Pashë Tepelena,

VIP TOWER, Kati II, Nr.1, Prishtinë, Kosovë

NUI: 811568495

(Hereinafter referred to as **'ALPEX'**)

Applicant: (fill name, address and NUIS/NUI of the Applicant)

(Hereinafter referred to as **'General Clearing Member '**)

We have been informed by ___________ **(insert name of applicant)** that will participate in the Electricity Market Rules - Clearing and Settlement Procedures for transaction conducted for sale and purchase of wholesale Electricity in ALPEX Markets, as a General Clearing Member.

In consideration of the aforesaid, we, (... name and address of the Bank issuing the guarantee) …., hereby irrevocably and unconditionally guarantee to pay to you, without any objections and without the need of a prior consent from the General Clearing Member, upon receipt of your duly signed first demand in writing signed by the legal representative of ALPEX, any amount or amounts up to but not exceeding in total **________ (in words: ____________)** ('the

Maximum Guarantee Amount') within 7 (seven) business days to an account designated by you.

Your payment demand has to be accompanied by your original written declaration duly signed by the legal representative of ALPEX, stating that ... (fill the name of General Clearing Member...) is in breach of his payment obligations arising from the participation as General Clearing Member.

Delivery of such payment demand shall be the only condition for any payment to be made based on such Guarantee with no other verification to be made by the Bank and no other evidence to be presented by you.

Your written demand for payment and accompanying declaration must be officially presented at our bank address as follows:

…

...

The maximum amount of this Guarantee will be automatically reduced by any payment made hereinunder as result of a payment demand without the need for any further amendments by our side.

All documents specified in and presented under this guarantee shall be in Albanian or English language.

This guarantee is valid until dd/mm/yyyy ('the expiry date') and expires in full and automatically if no payment demand has been lodged with us on or before that date, regardless of such date being a banking day or not. Afterwards our guarantee becomes automatically null and void, irrespective of whether this original guarantee will be returned to us or not.

This guarantee is subject to Uniform Rules for Demand Guarantees (URDG), ICC Publication No.758. For all matters not covered by URDG this Guarantee is subject to Albanian Law / Kosovo Law.

For account of

....

(authorised signatures)

ALPEX
Albanian Power Exchange

ANNEX III.

(the steps to be followed with regards to the communication with ALPEX, applicable in cases when the Clearing Member decides to modify the Cash Collateral*)*

Rules for Communication

For the due and proper fulfilment of the obligations of the General Clearing Member towards ALPEX in accordance with the specific requirements of section G.5.2.6 (d) of "Electricity Market Rules - Clearing and Settlement Procedures", the General Clearing Member shall notify ALPEX for increasing of the amount held in the Cash Collateral Account with no.______________ in favor of ALPEX which it will be used for increasing of credit limit to relevant Clearing Account. This Cash Collateral corresponds at least 70% of the credit limits of one or more Clearing Accounts of the Exchange Members.

This notification shall be submitted to ALPEX not later than **11:00 CET** of D-1 in respect of Delivery Day D.

The communication from the General Clearing Member to ALPEX shall be carried out by fulfilling simultaneously the three ways of communication at the same time as follows:

1. **Via email**: the General Clearing Member will send the scanned account statement and this document must contain the company seal and sign by the Certified Clearer of the General Clearing Member (scanning must be in colors). The email addresses used shall be pre-established as per ALPEX – clearing@alpex.al, and as per the General Clearing Member - bank@bank.al. The sender of the email on behalf of the General Clearing Member shall always be one of the Certified Clearer of the General Clearing Member. The email shall have as the address in copy one of the Managers of the General Clearing Member depicted into standard form CL-1-F2 and one the Managers of ALPEX.

2. **Via recorded phone call**: at the same time that the email in the first step is being send, the Certified Clearer of the General Clearing Member shall call ALPEX by phone at the following number: +355 42 xxxxxx, via the General Clearing Member's phone number: +355 42 xxxxxx. The caller shall identify himself with name, surname and certification code of the Certified Clearer. Then the caller shall state the email content that was send in the first step including the amount increased by transferred in the Cash Collateral Account with no.______________.

   This phone call will be registered and archived as proof of modification of the Cash Collateral. The record will be subject of the Law No.9154, date 6.11.2003 For Archives, and Law No.9887, date 10.3.2008 For the Protection of Personal Data / Low NR. 06/L-082 For the Protection of Personal Data.

3. **<u>Via postal mail</u>**: after the first two steps are fulfilled by the Certified Clearer of the General Clearing Member, the original document in hard copy, which was scanned and send via email, shall be send by fast courier, in the postal address of ALPEX not later than **<u>11:45 CET of D-1</u>**.

After the simultaneous fulfilment of the three above ways, ALPEX will check the respective document and will proceed with increasing the credit limit for relevant Clearing Account.