

ALBANIAN POWER EXCHANGE -ALPEX J.S.C

TECHNICAL DECISION No. 1-C

On

“Procedures for Accession of Clearing Member in the ALPEX Markets, Voluntary Termination of Clearing Member and other issues related to”.

Having regard to the provisions of.

- I. Sections C.1., C.2. of Chapter C, and provision of sections F.3 of Chapter F of the Electricity Market Rules - Clearing and Settlement Procedures.
- II. Electricity Market Rules – General Terms.

ALPEX J.S.C Approved:

1. The procedure for Accession of Clearing Member of the ALPEX Markets, Voluntary Termination of Clearing Member and other issues related to.
2. Technical Decision No. 1-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

TECHNICAL DECISION No. 1-C

ARTICLE 1

1. PURPOSE AND SCOPE

This Technical Decision specifies the matters in connection with the Clearing Members of ALPEX as follows:

1. The procedure for Accession of Clearing Member.
2. The procedure for Voluntary Termination of Clearing Member
3. The applied procedure in cases of corporate transformations of a Clearing Member
4. The procedure for the relocation of a Clearing Member's IT infrastructure

The terms and definitions used in this Technical Decision shall have the same meaning as explanation in the Electricity Market Rules – General Terms, Electricity Market Rules - Glossary and in the Electricity Market Rules - Clearing and Settlement Procedures, as well as any decisions issued in their implementation, unless otherwise expressly stipulated.

In every case, the provisions of this Technical Decision are interpreted in accordance with the rules and principles provisioned in the Scope of Application in the Electricity Market Rules - Clearing and Settlement Procedures.

Where the present Technical Decision is referred to the term “Market” or “Markets”, unless otherwise expressly stipulated it refers to ALPEX Markets.

Where the present Technical Decision is referred to the term Clearing Members, unless otherwise expressly stipulated, it refers to the Clearing Members who participate in the Clearing of Transactions or Positions of the above Market.

Where the present Technical Decision is referred to the term “Clearing”, unless otherwise expressly stipulated, it refers to the Electricity Market Rules - Clearing and Settlement Procedures.

ARTICLE 2

2. PROCEDURE FOR ACCESSION OF CLEARING MEMBER

2.1 Procedure and stages for evaluating and admitting a Clearing Member

- (a) In order to fulfil the conditions for accession of Clearing Member, the Applicant must strictly follow and successfully complete the procedure set out in this Article which involves the following three (3) stages:

- (i) the stage of Submission of the "Application" according to the Accession Process of Clearing Member and its approval and signing the Clearing Framework Agreement;
 - (ii) the stage of the preparation for activation of the Clearing Member in Energy Market Clearing System, and
 - (iii) the stage of the activation of the Clearing Member in Energy Market Clearing System.
- (b) ALPEX informs Applicant regarding the stages of the procedure and provides all necessary details and information for its participation in those stages. The applicant's participation in each subsequent stage of the procedure requires the successful completion of the preceding stages.

2.1.1 First stage: Submission of the Application for accession of Clearing Member and its respective decision

This stage involves the submission to ALPEX of the "Application" for accession of Clearing Member and the signing the Clearing Framework Agreement.

2.1.1.1 General terms

- (a) The Applicant completes and submits the Application, using the standard form provided by ALPEX. The application's form shall be accompanied by a Know-your-client form also provided by ALPEX.
- (b) In the Application the type of the Clearing Member (Direct or General) is defined.
- (c) The Application must also be accompanied by the supporting documents described in section 2.1.1.2 and section 2.1.1.3.
- (d) All supporting documents can be submitted in Albanian or English. All documents must contain the company seal and must be submitted in the original or a notarized copy of the original.
- (e) During the evaluation of the following information and supporting documents submitted by the Applicant in all the stages described below, ALPEX may request additional documents/information, if it deems this necessary for the completeness of the application.

2.1.1.2 Direct Clearing Member

If the Applicant is applying for accession of Direct Clearing Member in accordance with paragraph C.1.2.1 of section C.1.2 of the Electricity Market Rules - Clearing and Settlement Procedures of ALPEX Markets, it must submit:

- (a) The Application form for accession as a Direct Clearing Member.
- (b) The details and supporting documents provided for Exchange Members that are eligible Entity in accordance with.

- (i) the chapter C of Electricity Market Rules – General Terms, for the participation in ALPEX Markets.
- (ii) the Technical Decision No. 1-T.
- (c) Financial statements or data for the past two (2) years evidencing that Applicant fulfils the financial prerequisites set out in section C.2.3 of Electricity Market Rules - Clearing and Settlement Procedures. In the case of a newly established entity, financial data certifying fulfilment of the aforesaid requirements.
- (d) If any of the above supporting documents have already been submitted to ALPEX, these are not required to be resubmitted.

2.1.1.3 General Clearing Member

If the Applicant is applying for the capacity of General Clearing Member in accordance with paragraph C.1.3.1 of section C.1.3 of the Electricity Market Rules - Clearing and Settlement Procedures, it must submit:

- (f) The Application for accession as a General Clearing Member shall be accompanied by a known-your-client standard form.
- (g) A notarized copy of its operating licence issued from Central Bank of Albania / Central Bank of Kosova.
- (h) Valid extract / Business Information that is registered and active issued by the National Business Centre (NBC) /Kosova Business Registration Agency (KBRA).
- (i) Financial statements for the past two (2) years evidencing that the Applicant fulfils the financial prerequisites set out section C.2.3 in the Electricity Market Rules - Clearing and Settlement Procedures, for accession or, in the case of a newly established entity, financial data certifying fulfilment of the aforesaid requirements.
- (j) If any of the above supporting documents of instances (a) to (d) have already been submitted to ALPEX, these are not required to be re-submitted. If this required information is not provided to ALPEX within 10 (ten) Days, it will be considered that the Application is withdrawn.

2.1.1.4 Application evaluation

Following submission of the above details and supporting documents, ALPEX decides on the Application for accession of Clearing Member.

ALPEX approves or rejects the application of the Applicant based on a reasoned decision and notifies it of this decision, within timeline as stipulated in paragraph **Error! Reference source not found.** of Electricity Market Rules - Clearing and Settlement Procedures.

If the application is approved, ALPEX provides the Clearing Member with a written declaration attesting acquisition of Clearing Member capacity, and the Clearing Member should;

- (a) Submit a copy of the payment of the Accession Fee and Annual Fee and other charges depending on whether the capacity of Direct Clearing Member or General Clearing Member is being requested, which are specified in the ALPEX's Fee Schedule, published on ALPEX's website,
- (b) Submit to ALPEX the signed Clearing Framework Agreement within 30 Days of receipt.

Upon acquisition of Clearing Member capacity then is followed the steps described in second Stage.

2.1.2 Second Stage: Preparation for the activation of the Clearing Member in Energy Market Clearing System

The second stage starts on the next business day after the entrance into force of the Clearing Framework Agreement and the Clearing Member must perform the steps set out below:

- (a) The Clearing Member must have installed the necessary IT infrastructures that ensure its successful connection to the Energy Market Clearing System (hereinafter "EMCS"), in accordance with the provisions of the relevant decisions or Electricity Market Rules – General Terms and pursuant to the Electricity Market Rules - Clearing and Settlement Procedures.
- (b) The Clearing Member must have a sufficient number of Certified Clearers in accordance with the terms of the Electricity Market Rules - Clearing and Settlement Procedures, as well as of the relevant Decision issued in implementation thereof.
- (c) In order to assess the readiness of the Clearing Member and its Certified Clearers, ALPEX may request its participation in mock clearing sessions or other simulation scenarios of real clearing and settlement conditions.

The Clearing Member must have completed the above actions at the latest within fifteen (15) days of the completion of First Stage, not considering the time for the preparation of its IT infrastructure. Otherwise, its application will be rejected due to non-completion of Second Stage and in order to acquire the relevant capacity the Applicant must resubmit an application.

2.1.3 Third Stage: Activation of the Clearing Member in EMCS

2.1.3.1 Required supporting documents.

In order to be activated in EMCS, the Clearing Member must first deposit the Initial Contribution to the Default Fund for the capacity of the Clearing Member, as specified in the Electricity Market Rules - Clearing and Settlement Procedures and submit to ALPEX the following supporting documents.

- (a) If the application relates to a Direct Clearing Member, a certificate for the registration as Exchange Member must be submitted.
- (b) "Contacts detail of Clearing Member" form. Using this form, the Clearing Member is obliged to declare the persons who will be responsible for its communication with ALPEX, and/or the Certified Clearers, the contact details of

the aforesaid persons as well as the duties of each such person at the Clearing Member.

- (c) “Application for Activation/Voluntary Termination” form. By this form, the Clearing Member declares the dates which it wishes to be activated or resigned as a Clearing Member.
- (d) “Application of Management Users in the System” form. By this form the Clearing Member requests the activation and deactivation of users in the EMCS as well as the connectivity option.
- (e) Application for the activation of an Own Clearing Account, as specified depending on the aforesaid capacities being requested and the specific provisions of the Electricity Market Rules - Clearing and Settlement Procedures. The application is submitted through the standard form which is provided by ALPEX.
- (f) Written declaration confirming and accepting ALPEX’s right of use on financial collateral and contributions in the Default Fund. ALPEX provides relevant specimens "Confirmation & Terms of Acceptance of ALPEX's right of use in respect of collateral and contributions in the Default Fund".
- (g) Details of the Cash Settlement Accounts at the Settlement Bank, as specified in the relevant Technical Decisions or Electricity Market Rules - Clearing and Settlement Procedures.

Not later than five (5) days before its activation, the Clearing Member must have completed all the above steps and submitted to ALPEX all the aforementioned supporting documents required for its activation.

Upon activation of a Clearing Member, ALPEX shall immediately update its electronic database of Clearing Members and its website with the details of that Clearing Member. In addition, it shall notify Settlement Bank.

2.1.3.2 Information to ALPEX

- (a) The Clearing Member is obliged to immediately inform ALPEX, regarding any change pertaining to its contact details or the particulars of its Certified Clearers having access to the EMCS. Until notification of any such change, all documents will be lawfully served at the address provided by the Clearing Member in the application submission stage.
- (b) The Clearing Member can submit the required documents as a first step via email (scanned copy of the original or notarized documents) in order to be evaluated by ALPEX. In any case, the Applicant must submit the copy, or the original/notarized “hard copy” documents, before signing of the Clearing Framework Agreement by both parties. Clearing Members shall be exclusively responsible for the completeness, correctness, and accuracy of the data/document and documents they provide to ALPEX, with respect to both initially submitted data/document and any data/document that has been updated at any time. The Clearing Member must respond immediately and without hesitation to any

requests of ALPEX for participating in any relevant meetings, as well as other requests by ALPEX.

ARTICLE 3

3. PROCEDURE FOR VOLUNTARY TERMINATION OF CLEARING MEMBER

3.1 Required supporting documents.

3.1.1 Voluntary Termination of the Clearing Member

In order to cease from being a Clearing Member, in addition to the requirements stipulated in the Electricity Market Rules - Clearing and Settlement Procedures, the Clearing Member must:

- (a) take all necessary measures to remedy, in accordance with the Electricity Market Rules - Clearing and Settlement Procedures, any outstanding matters arising from the Transactions and positions it has concluded.
- (b) comply with the instructions of ALPEX for the final settlement of any outstanding matters in connection with its capacity.
- (c) submit an application for the deactivation of its Own Clearing Account or Exchange Member Clearing Account, depending on the capacity it had acquired and in accordance with the more specific provisions of the Electricity Market Rules - Clearing and Settlement Procedures. This application is submitted by means of standard form which is provided by ALPEX.

Collateral in Clearing Accounts of the ceasing Clearing Member is returned immediately after the full payment of all its obligations to ALPEX. The balance of the Share Account of the Clearing Member in the Default Fund is returned after Voluntary Termination has been approved and has been issued the Voluntary Termination Consent Order by ALPEX, which (approval) shall be granted on the condition that all of its obligations in general to ALPEX have been completely fulfilled in accordance also with the specific provisions in Chapter F.3 of the Electricity Market Rules - Clearing and Settlement Procedures for Transactions on ALPEX Market. Upon completion of the Clearing Member's voluntary termination, ALPEX shall immediately update its electronic database of Members and its website, and it shall notify the Settlement Bank.

ARTICLE 4

4. CORPORATE TRANSFORMATIONS OF CLEARING MEMBERS

4.1 Merger of a Clearing Member through its absorption by another Clearing Member

The provisions set out in this paragraph 4.1 shall be applicable only when both the absorbing and the absorbed entities are Clearing Members.

Implementation of the terms of this article requires that the Clearing Members involved are Direct Clearing Members or General Clearing Members respectively. Otherwise, the corporate transformation will be examined on a case-by-case basis by ALPEX in the framework of

applicable provisions of the energy and financial sectors in combination with the terms of the present Article.

4.1.1 Actions by the absorbing Clearing Member

In the case of merger of a Direct or General Clearing Member through its absorption by another Direct or General Clearing Member respectively, the absorbing Clearing Member continues to operate as a Clearing Member, automatically succeeding the absorbed Clearing Member in respect of all the latter's rights and obligations. In such case, the absorbing Clearing Member is not required to acquire the capacity of Clearing Member.

The absorbing Clearing Member must follow procedures with regard to the installation of the IT infrastructure and its activation in the EMCS, which consists of the following two (2) stages:

4.1.1.1 First Stage

Not later than thirty (30) days before the date declared by the Clearing Member on which it wishes to be activated in the EMCS with its new details arising from the merger and provided the merger has been completed (i.e., a valid extract from the commercial registry of the country), the absorbing Clearing Member sends a notification letter with the details of the relevant merger to ALPEX and works with the latter in relation to the:

- (a) planning of any changes to the IT infrastructure of the absorbing Clearing Member,
- (b) calculate the relevant cost, and
- (c) planning of the time schedule for completing the above necessary actions.

4.1.1.2 Second Stage

Not later than twenty (20) days prior to the date declared for the Clearing Member's activation in the EMCS, the absorbing Clearing Member must have completed the necessary technical preparations in accordance with the instructions of ALPEX and must submit to ALPEX a form completed with the Clearing Member's new details emanating from the merger. The aforesaid form is available on the official website of ALPEX.

4.1.2 Actions for the deletion of the absorbed Clearing Member

The actions required for the deletion of the absorbed Clearing Member involve the following three (3) stages:

4.1.2.1 First Stage

Not later than twenty (20) days prior to the date declared by the absorbing Clearing Member on which it wishes to be activated in the EMCS with its new details arising from the merger and provided the merger has been completed, the absorbed Clearing Member must electronically submit to ALPEX, the following forms which are available on the official website of ALPEX:

- (a) for the deletion of users, the requests for deactivation and
- (b) the deletion of the absorbed Clearing Member.

4.1.2.2 Second Stage

The deletion of a Clearing Member on account of merger is approved by ALPEX on the condition that the merger has been completed and a copy has been provided of the registration in the commercial register.

4.1.2.3 Third Stage

- (a) Completion of the merger requires the following:
 - (i) settlement by the absorbed Clearing Member of the outstanding matters arising from transactions concluded by or assigned to it and open positions.
 - (ii) changes or transfers to the absorbing Clearing Member of collateral provided by the absorbed Clearing Member.
 - (iii) deactivation of the Share of the absorbed Clearing Member in the Default Fund.
 - (iv) deactivation of the Cash Settlement Accounts at the Settlement Bank as specified by ALPEX in accordance with its procedures.
 - (v) payment of additional contributions to the Default Fund whenever required in accordance with the Electricity Market Rules - Clearing and Settlement Procedures.
- (b) Following approval of the merger from ALPEX and upon completion of the procedures described above, any collaterals deposited or issued in favour of ALPEX by the absorbed Clearing Member are returned along with Default Fund contributions, without prejudice to the specific provisions of the Electricity Market Rules - Clearing and Settlement Procedures on their temporary holding or use due to default.
- (c) Upon completion of the merger, ALPEX shall immediately update its electronic database of Clearing Members and its website with the new details of the absorbing Clearing Member following the merger and notify Settlement Bank.

4.2 Merger of a Clearing Member through its absorption by an entity that is not a Clearing Member

4.2.1 Actions by the entity that absorbs a Clearing Member in order to acquire the Accession Process of Clearing Member

4.2.1.1 Procedure relating to the capacity of Clearing Member

- (a) In the case of the merger of a Clearing Member with an entity that is not a Clearing Member, the entity arising from the merger must acquire the Clearing Member capacity of the absorbed Clearing Member and follow – from the beginning – the procedure for acquiring the relevant capacity, including its obligations in respect of payment of Clearing Member Accession Fee and/or Annual Fee pursuant to the stipulations of the Electricity Market Rules - Clearing and Settlement Procedures, this Technical Decision of ALPEX and the ALPEX Fee Schedule.

- (b) The decision approving the new Clearing Member, which is taken by ALPEX, is conditional upon the completion of the merger and the providing a valid extract from the commercial registry of the country.

4.2.2 Actions by the absorbed Clearing Member

- (a) Not later than thirty (30) days before the date estimated by the absorbed Clearing Member for completion of the merger (i.e., submission of a valid extract/information about business from the commercial registry of the country), the absorbed Clearing Member must send a notification letter with the details of the merger to ALPEX and work with the ALPEX in relation to:
 - (i) planning of any changes to the IT infrastructure of the absorbing entity (i.e. nodes, terminals, etc.),
 - (ii) calculating the relevant cost, and
 - (iii) planning of the time schedule for completing the above necessary actions.
- (b) The absorbed Clearing Member must take the actions stipulated in Article 2 of this Technical Decision (Procedure for Voluntary Termination).

4.2.3 Activation in the EMCS of the new Clearing Member resulting from the merger

- (a) The activation in the EMCS of the new Clearing Member arising from the merger takes place on the date specified in the relevant Application form, which is available on the ALPEX website, and on the condition that the previous stages of the merger have been completed.
- (d) Upon completion of the merger, ALPEX shall immediately update its electronic database of Clearing Members and its website with the details of the new Clearing Member resulting from the merger and notify the Settlement Bank.

4.3 Other corporate transformations

- (a) The terms of the preceding paragraphs of Article 4 hereof apply mutatis mutandis also to any other case of corporate transformation involving Clearing Members of ALPEX in accordance with the specific applicable provisions of Law 9901 “On Entrepreneurs and Companies”, dated 14.04.2008 as amended from time to time / Law no. 06/L-016 for the Commercial Companies of the Republic of Kosovo.
- (b) In all cases where, as a consequence of a corporate transformation, the license on the basis of which the Clearing Member acquired its capacity requires amendment by the competent authority under the applicable regulatory framework, the Clearing Member must notify ALPEX by written letter, before commencement of the corporate transformation process, in order for ALPEX to reassess the capacity of the Clearing Member.
- (c) ALPEX may suspend the capacity of the Clearing Member in accordance with instance, Section F.2.5, Chapter F of the Electricity Market Rules - Clearing and Settlement Procedures for Transactions on ALPEX Markets, until the amended license is granted.

ARTICLE 5

5. RELOCATION OF A CLEARING MEMBER'S IT INFRASTRUCTURE

In the event of relocation of a Clearing Member's IT infrastructure which is connected with ALPEX System, to other premises, at the same or a different address, the Clearing Member must take the following actions.

5.1 First Stage

At least thirty (30) days before the date declared by the Clearing Member on which it wishes its IT infrastructure to operate at the new premises, the Clearing Member sends a notification letter with the details of the relocation premises to ALPEX and works with the latter on:

- (a) Planning of any changes to the Clearing Member's IT infrastructure,
- (b) Calculating the relevant cost, and
- (c) Planning of the time schedule for completing the above necessary actions.

5.2 Second Stage

Not later than twenty (20) days prior to the time declared for the operation of its IT infrastructure at the new premises, the Clearing Member must have completed the necessary technical preparations according to the instructions of ALPEX and have electronically submitted to ALPEX the relevant Application form, which is available on official ALPEX website.

ARTICLE 6

6. ENTRY INTO FORCE

This Technical Decision enters into force as of 07/09/2023.

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