

Collateral policy of Bulgarian Energy Trading Platform AD

1. General provisions

Trade concluded on the BETP market automatically and obligatorily give rise to financial obligations for the BETP market members, parties to the trade.

Until the introduction of a clearing service, BETP AD shall apply these Collateral policy of BETP AD (Collateral Rules).

To limit the financial risk for the BETP market members, BETP AD uses a software module for risk management and allows for registration in the electronic trading platform of BETP AD only financially secured orders that comply with the Collateral Rules.

2. Definitions

active orders - orders registered on the electronic platform of BETP AD, for which no trade has been concluded.

performance guarantee - cash to guarantee the performance of a trade.

individual IBAN - personal identifier of a BETP market member for depositing funds to the account of BETP AD.

individual sub-account - a specific account for each BETP market member, which is created in the Risk Management Module of BETP AD and reflects the available funds.

risk management module - software product, part of the back-office system of BETP AD, through which an inspection is performed regarding the fulfillment of the requirements of the Collateral Rules.

3. Providing Collateral

Each Order of the electronic trading platform of BETP AD must be secured in advance in accordance with the Collateral Rules.

For this purpose, BETP AD provides a specific account in a commercial bank, to which the BETP market members deposit funds through a previously provided individual IBAN. The deposited funds are managed through the Risk Management Module of BETP AD, in which individual sub-accounts are created for all BETP market members.

BETP AD provides each BETP market member with an individual online account for access to information about the funds in his individual sub-account. The access is realized through the website of BETP AD.

4. Collateral - formation, provision, restoration

4.1. Formation of Collateral

The amount of the required collateral for a purchase or sale order is formed on the basis of the Total value of the order, which is calculated as follows:

$C_v = Q \times T \times P$, where:

C_v (Contract value) - total value of the order, in BGN

Q (Quantity) - daily amount, in MWh / d

T (Delivery period) - delivery period, in days (d)

P (Price) - price for 1 MWh, in BGN / MWh

The necessary collateral for order registration is formed as the sum of:

- % of the total value of the order (C_v) with VAT, different depending on the product and the type of order and
- the due fee for the trade, determined on the basis of the total quantity of the order, according to the Fees and Taxes ($Q \times T \times \text{tariff}$).

In order to obtain preliminary information regarding the expected amount of the required collateral, BETP AD has developed a [model for calculation of collateral](#), attached to the Collateral Rules.

The collateral for order registration is retained by BETP AD on the individual sub-account of the BETP market member according to the Collateral Rules.

4.2. Order collateral for a the products Within Day, Day Ahead, Individual Day, Weekend and Holiday

Formation of Collateral

To register an order the necessary collateral is:

- for the Buyer is in the amount of:
 - 100% of the total value of the Order with VAT, calculated according to item 4.1., as means of payment for a trade and
 - the due trade fee determined in accordance with the Fees and Taxes.
- for the Seller is in the amount of:

- 10% of the total value of the Order with VAT, calculated according to item 4.1., as a performance guarantee under the trade and
- the due trade fee determined in accordance with the Fees and Taxes.

Recovery of Collateral and payment upon trade

In case the registered order is withdrawn by a BETP market member, the retained collateral is automatically released to the individual sub-account of the sender of the respective order.

In case of auto-matching of orders and execution of a trade, BETP AD calculates the total value of the trade. BETP AD debits the individual sub-account of the Buyer and credits the individual sub-account of the Seller with the funds in the amount of the total value of the trade. The Buyer and the Seller settle their financial relations, resulting from a trade, in accordance with the legal requirements.

In case of a trade, the performance guarantee, paid by the Seller, is automatically refunded to its individual sub-account, within 24 hours after the end of the delivery period under the respective trade.

In case of a trade, BETP AD debits the individual sub-accounts of the Buyer and the Seller with the due trade fee, determined according to the Fees and Taxes of BETP AD.

Notification of non-execution of a trade

In case of non-fulfillment of a trade, the Buyer shall notify BETP AD in writing within 24 hours after the end of the delivery period under the respective trade. In this case, the performance guarantee submitted by the Seller is retained by BETP AD until the submission of a bilateral written agreement (according to a sample) between the two parties to the trade or an effective decision issued by a competent authority. BETP AD debits and/or credits the individual sub-accounts of the Buyer and the Seller with the value of the guarantee for good performance for the trade, according to the submitted document.

In case of execution of the trade, the parties have no right to request retention of the performance guarantee.

4.3. Order collateral for the products Week, Month, Quarter, Year

Formation of collateral

To register an order the necessary collateral is:

- for the Buyer is in the amount of:
 - 7.5% of the total value of the Order with VAT, calculated according to item 4.1., as a performance guarantee under the trade and
 - the due trade fee determined in accordance with the Fees and Taxes.

- for Seller is in the amount of:
 - 7.5% of the total value of the Order with VAT, calculated according to item 4.1., as a performance guarantee under the trade and
 - the due trade fee determined in accordance with the Fees and Taxes.

Collateral recovery

In case the registered order is withdrawn by a BETP market member, the retained collateral funds are automatically released to the individual sub-account of the sender of the respective order.

In case of auto-matching of orders and in case of a completed trade BETP AD debits the individual sub-accounts of the Buyer and the Seller only with the due trade fee, determined according to the Fees and Taxes. The Buyer and the Seller settle their financial relations, resulting from a trade, in accordance with the legal requirements.

In case of a trade, the performance guarantees submitted by the Buyer and the Seller are refunded to their individual sub-accounts automatically within 24 hours after the end of the delivery period under the respective trade or upon presentation of a bilateral written agreement ([according to a sample](#)) between the two parties.

Notification of non-execution of a trade

In case of non-execution of a trade, each of the parties may notify BETP AD in writing not later than 24 hours after the end of the delivery period under the respective trade. In this case the performance guarantees of the trade, submitted by the Buyer and the Seller are retained by BETP AD until the submission of a bilateral written agreement (according to a sample) between the two parties to the trade or a valid decision issued by a competent authority. BETP AD debits and/or credits the individual sub-accounts of the Buyer and the Seller with the value of the performance guarantees of the trade, according to the presented document.

In case of execution of the trade, the parties have no right to request retention of the performance guarantee.

4.4. Trade collateral for product Bilateral contracts

For registration of a Trade under the product Bilateral Contracts it is not necessary to provide collateral for its execution.

In case of a trade, the Buyer and the Seller settle their financial relations in accordance with the legal requirements.

The Buyer and the Seller owe a fee for the trade, determined according to the Fees and Taxes of BETP AD. Product trade fee Bilateral agreements between a member of the BETP market and its client (client trade) are due only by the members of the BETP market, according to the selected Tariff Plan.

4.5. Order collateral for product Auction

For registration of an Order under the product Auction the amount of the required collateral (performance guarantee), the manner and terms of refund are determined according to the conditions specified by the initiator in the application for initiating an auction (according to a sample).

In case of a trade, the Buyer and the Seller shall settle their financial relations in accordance with the legal requirements.

An administrative fee is due for initiating an auction.

The Buyer and the Seller owe a trade fee determined according to Fees and Taxes.

4.6. Recovery of funds

Recovery of funds from sale transactions

BETP AD refunds cash, realized from sale transactions for products under item 4.2., within two working days to an account in a commercial bank specified by the respective BETP market member.

Recovery of funds at a request

BETP AD refunds cash at a request of a BETP market member in accordance with the balances in its individual sub-account. Reimbursable funds are funds which are not retained for the purposes of the collateral for active orders, trades and fees to BETP AD.

BETP AD transfers the funds in the specified amount to an account specified by the respective BETP market member in a commercial bank, on the next working day after submission of an [application \(according to a sample\)](#). When submitting an application by 2 pm on a business day, the funds will be refunded on the same day.

In the cases when the amount indicated in the application exceeds the amount of funds subject to refund, BETP AD notifies the BETP market member, to the e-mail address indicated by him, of the impossibility to fulfill the request for refund.

Cash is refunded to the BETP market member only in case of lack of claims for non-execution of trade for which BETP AD has been notified.

5. General provisions

BETP AD may supplement or amend the Collateral Rules with a Market Notice.

The collateral rules will be applied until the introduction of a clearing service in stock exchange trading on the BETP market.

The current Collateral policies shall apply as of 01.08.2022.