



**INDEPENDENT  
BULGARIAN  
ENERGY EXCHANGE**  
YOU SELL, WE DELIVER CONFIDENCE

# Settlement rules

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INDEPENDENT BULGARIAN ENERGY EXCHANGE

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## Chapter I General provisions

1. These rules cover financial relationships arising from transactions concluded on the power exchange for electricity.
2. The power exchange operator is a party to all transactions for purchase and sale concluded on the power exchange for electricity.
3. The power exchange operator shall perform the activities on settling mutual obligations arising as a result of transactions concluded on the power exchange for electricity.
4. Following publication of results in accordance with the Operational Rules for Organized Power Exchange (OROPX) each trading participant shall have access via the trading platform to detailed information on the transactions for purchase and sale concluded by the participant. Information provided includes: hourly data for the quantities for purchase and/ or sale traded by the participant and the market clearing prices for each hourly interval
5. Trading participants shall be obliged to perform their financial obligations including fees arising from their participation on the power exchange for electricity.
6. In order to secure transactions concluded on the power exchange, trading participants shall be obliged to provide collateral in the form of a bank guarantee and /or a set amount to an account owned by the power exchange operator.
7. Settlement services provided by IBEX, regarding trading carried out on the power exchange shall be subject to charging in accordance with IBEX's Tariff.
8. For the purposes of settling financial relationships, each trading, participant upon registration with the power exchange, shall submit the following information:
  - 8.1. *A person in charge of financial relationships of the respective trading participant (TP).*
  - 8.2. *Full account details in BGN of the trading participant for the purposes of financial payments arising as a result of transactions concluded on the power exchange.*

## Chapter II Securities

### **Types of collaterals**

9. For the purposes of securing its financial obligations arising as a result of transactions concluded on the power exchange each trading participant should maintain collateral, which at any time meets the requirements set for its amount.
10. For the purpose of trading on the power exchange, IBEX shall accept collateral of one or a combination of the following forms:
  - 10.1. *A bank guarantee accepted by IBEX in BGN/EUR. IBEX publishes the text of a bank guarantee and the eligibility provisions on its website.*
  - 10.2. *An amount paid to an account provided by IBEX in BGN. IBEX shall not be indebted any interest on sums paid by TP.*

11. When trading participants provide collateral as a bank guarantee, they undertake to pay all the costs of providing it to both the issuing bank and the beneficiary's bank, including (but not limited to) the fees and commissions for advising bank guarantees on presentation through the service bank(s). The issuing bank of the guarantees shall explicitly indicate to the beneficiary's bank that the commissions for advising bank guarantees are at the expense of the trading participant and are negotiable.

### **Collateral amount calculation**

12. The collateral amount required by IBEX shall be set in BGN for each Financial day and shall be equal to the average value of purchased net quantities of electricity from the power exchange, VAT included, by the respective trading participant over the previous six days, multiplied by six. For the calculation of the collateral amount purposes only the days on which the market participant has realized net purchase are included. In case of missing data for a net purchase of the previous six days, the collateral amount is calculated in accordance with article 16. Net sellers of electricity are required to provide the minimum collateral amount in accordance with article 23.
13. The number of days determining the collateral may be changed at the sole discretion of the power exchange operator:
  - 13.1. *In order to secure the operations of the power exchange operator;*
  - 13.2. *In case of several consecutive non-working days;*
  - 13.3. *For certain participants, in case of systematic breach of the power exchange rules.*
14. The required collateral period shall be changed following a minimum 2 days notice published on the website of the power exchange operator.
  - 14.1. *In case of amendment according to article 13.3 the notice shall be given only to the relevant participant and the amendment became effective on a date specifically identified in the notice.*
15. For new trading participants, IBEX shall set the collateral amount on the basis of estimated forecasted net purchase of electricity in accordance with article 25.
16. When trading participant switches from net sale to net purchase position, the collateral amount shall be determined as the amount of the net electricity purchased for the first day is multiplied by the number of days in accordance with article 12. For each following day for the trading participant in a position of a net purchaser, the collateral amount shall be adjusted daily, by finding the average value of the net purchase on a daily basis for the days with a net purchases and multiplying by the number of days in accordance with article 12.
17. Upon a trading participant's transition to a position of net sale the collateral amount required shall be changed daily until it reaches the minimum collateral amount in accordance with article 23.

### **Payables and terms**

18. Trading participants shall be daily notified by 16:00 CET (17 EET) via the e-mail address submitted by them about the required collateral amount for the next financial day.

19. In case the collateral amount of a certain trading participant needs to be increased, the relevant trading participant must also increase the amount of the respective collateral by 10:30 CET (11:30 EET) on the following financial day. In a sequence of non-working/ non-financial days, the increase is due by 10:30 CET (11:30 EET) on the first financial day in accordance with the latest notification received.

### **Non-performance**

20. In case of non-fulfillment of the obligations regarding the value of the collateral under article 19 by a trading participant by the end of the respective financial day the operator may not allow the trading operator to take part in the next trading session.

### **Extraordinary collateral**

21. The power exchange operator may require extraordinary cash collateral to be provided by a trading participant, if an increased risk level associated with the participant is perceived to exist and/or has been established as a result of a bid for purchase submitted or a transaction concluded on the power exchange.
22. The notification for extraordinary provision indicates the term it should be provided in and it may not be shorter than two (2) hours following notification reception. In case certain trading participant does not meet the obligations regarding the extraordinary collateral by the end of the specified period, IBEX may suspend the respective trading participant from participation in the next power exchange session.

### **Minimum collateral amount**

23. IBEX shall require minimum collateral amount from all trading participants, members of the power exchange for electricity, the amount of which is indicated in IBEX's Tariff.
24. Trading participants, net sellers of electricity, shall provide the minimum collateral amount in accordance with article 23.

### **Setting collateral upon registration**

25. The initial collateral amount of a trading participant shall be set on the basis of a declaration about the estimated power for purchase/ sale that the relevant participant intends to trade on the power exchange but not less than minimum collateral amount in accordance with article 23.
26. The amount of the initial collateral is an appendix to the participation agreement for the power exchange.

### **Release of collateral**

27. The collateral of a trading participant shall be released in the following cases:
- 27.1. Upon membership termination of a trading participant in accordance with article 33 of OROPX.

- 27.2. *Upon a trading participant withdrawing in accordance with article 44 of OROPX.*
28. A trading participant may request partial release of the collateral amount in the following cases:
- 28.1. *Within one-week period before the date of the release request if the required collateral has been lower than actual.*
- 28.2. *For each day under article 28.1 the available collateral has been at least 25 % (Twenty-five percentages) higher than the collateral requested in accordance with article 12.*
29. Upon partial release of collateral, the power exchange operator shall only agree the release of collateral to the extent greater than the required collateral at the time of the release or the minimum prescribed collateral in accordance with article 23.
30. Collateral release in accordance with article 28 shall be done only upon a written request by the respective trading participant as per template published on the website of the power exchange operator.

### ***Systematic breach of the obligations to maintain a collateral. Sanctions.***

31. In the event of a systematic breach by a trading participant of its obligations to maintain collateral under art. 9, the power exchange operator shall impose the following sanction:
- 31.1. *The guarantee for the respective participant is calculated plus one (1) day of the specified in art.12.*
32. The above-mentioned sanctions are imposed for the period of six (6) months.
33. In case of violation of the obligations by the trading participant during the period referred to in article 32, the duration of the sanction shall be extended by a further six (6) months, but up to a maximum cumulative duration of one (1) year.
34. For the purpose of these rules, IBEX defines "systematic breach" as any behaviour of a trading participant, that is inconsistent with chapter "Collateral" and that had been established three (3) times for a period of six (6) months.

## **Chapter III Payments**

### ***Basic Rules of Payments***

35. Trading participants shall be responsible for timely settling of their obligations arising as a result of transactions concluded on the power exchange.
36. In the trading day (D-1), following publication of trading session results in accordance with article 112 of the OROPX, trading participants, which have concluded transactions, shall receive information about:
- 36.1. *Concluded transactions for purchase, amount due and the amount of fees due.*
- 36.2. *Concluded transactions for sale, receivable amounts and the amount of fees due.*

37. Payments on the power exchange for electricity shall be done on the basis of net purchase and net sale.

### **Net purchase**

38. For fulfilling trading participants' obligations who have concluded a net purchase, IBEX admits two schemes for obligations fulfillment:

- 38.1. *On a daily basis.*
- 38.2. *On a weekly basis.*

### **On a daily basis**

39. Trading participants having concluded net purchases shall be obliged to transfer the amount due, including fees, to IBEX's account set for this purpose by 10:30 CET (11:30 EET) on the first financial day following the trading day (D-1).
40. In a sequence of non-working/non-financial days, amounts due arising for net purchasers for the last financial day before the sequence of non-working/non-financial days shall be payable by trading participants by 10:30 CET (11:30 EET) on the first financial day following the non-trading days.
41. In a sequence of non-working/non-financial days, amounts due arising for the sequence of non-working/non-financial days and the first following financial day shall be payable by the respective participants by: 10:30 CET (11:30 EET) on the second financial day following the non-financial days.

### **On a weekly basis**

42. In order to cover the net purchase, realized by a trading participant on a weekly basis the respective participant shall deposit an amount into IBEX's account which shall fulfill his net purchase for a seven-day period.
43. The amount in article 42 shall not be less than the minimum collateral amount.
44. IBEX approves only the amounts in article 42 which are available into power exchange operator's account on Friday for a seven-day period from Monday, following the depositing of the respective amount.
45. In case of non-working Friday amounts in article 42 shall be available into IBEX's account during the last financial day before Friday.
46. Every day after the trading session IBEX acquires the net purchase amount including fees due from the respective trading participant's amount.
47. Each trading participant is obliged to monitor the balance of the amount for fulfilling liabilities due arising for net purchase.
48. In case of laying out the available funds before the end of the seven-day period the respective trading participant shifts to a scheme for obligations fulfillment on a daily basis in compliance with article 39, article 40 and article 41.
49. In a sequence of non-working/non-financial days, each trading participant who has chosen a payment scheme on a weekly basis shall provide for the respective amount in compliance with the greater number of days.

### **Net sale**

50. For the trading participants, net sellers who have chosen invoicing scheme in compliance with article 63.1., the power exchange operator shall pay the amounts due to net sellers on the second financial day following the trading day, with the amount of fees due being deducted from the amount due.
51. In a sequence of non-working/non-financial days, the power exchange operator shall pay the amounts due to net sellers for the sequence of non-working days, on the third financial day following the sequence of non-working days. Fees due shall be deducted from the amount due.
52. For the trading participants, net sellers who have chosen invoicing scheme in compliance with 63.2., the power exchange operator shall pay the amounts due to net sellers on the second financial day following the invoice provision day.

### **Non-performance**

53. In case of non-performance of financial obligations under article 39, article 40, article 41 and article 48 by a trading participant by the end of the respective financial day, the power exchange operator shall:
  - 53.1. *Suspend the respective trading participant from participation in the next power exchange session.*
  - 53.2. *Make an immediate claim on the respective trading participant's collateral, such claim to include all expenses arising in relation to the claim.*
54. The power exchange operator may only permit a suspended participant to re-enter subsequent auctions following full settlement refund of a claim on collateral to the amount before claim.
55. Each trading participant shall be obliged to reimburse the collateral amount to its previous level within seven (7) days of an executed claim, and subject to article 53.
56. In case of non-complying with the period provided in article 55, IBEX shall start a procedure for the removal of the trading participant from the power exchange in accordance with article 33 of OROPX.

### **Systematic non-compliance with payment obligations. Sanctions**

57. In case of systematic non-compliance by a trading participant with its obligations arising as a result of trading carried out, the power exchange operator shall impose the following sanction:
  - 57.1. *0.02 BGN/MWh added to the turnover fee in accordance with IBEX's Tariff.*
58. The above-mentioned sanctions shall be imposed for a period of six (6) months.
59. In case of violation of the obligations by the trading participant during the period referred to in article 58, the duration of the sanction shall be extended by a further six (6) months, but up to a maximum cumulative duration of one (1) year.
60. For the purpose of these rules, IBEX defines "systematic breach" as any behavior of a trading participant that is inconsistent with chapter "Payments" and that had been established three (3) times for a period of six (6) months.

## Chapter IV Invoicing

61. In case of issuing invoices for transactions concluded on the power exchange market it is not permitted issuing a net invoice. The power exchange operator and trading participants issue two separate invoices for transactions concluded for purchase and sale.
62. IBEX shall issue electronic invoices, each financial day, to trading participants:
- 62.1. *Who have concluded transactions for purchase on the power exchange for electricity, on the trading day (D-1). The invoice contains all relevant turnover fees according to IBEX's Fees tariff.*
  - 62.2. *Who have concluded transactions for sale on the power exchange for electricity for all relevant turnover fees according to IBEX's Fees tariff.*
63. Trading participants, which have concluded transactions for sale on the power exchange for electricity shall issue an invoice and send it to IBEX:
- 63.1. *By the end of the first financial day following the trading day (D-1).*
  - 63.2. *By the 5-th day of the month for the month before.*
  - 63.3. *By the 16th of the current month for the period 1-15 and the last day of the current month for the remaining days*

## VAT

64. All amounts indicated in these rules are without VAT.
65. VAT shall be applied to all trading participants registered in Bulgaria, and namely:
- 65.1. *To all amounts due as a result of concluded transactions.*
  - 65.2. *In calculating required collaterals.*
66. For trading participants registered out of the territory of the country, payment of all taxes, VAT included, shall be an obligation of the respective trading participant in accordance with applicable law in the country of registration.

## Chapter V Provision of information

67. IBEX may at any time require financial information from and monitor the financial status of a trading participant, its level of competence and other respective issues regarding the financial and legal status of the trading participant.
68. Each trading participant must promptly, upon request by IBEX, provide information and documents regarding its participation on the power exchange for electricity.
69. Each trading participant shall promptly notify IBEX in writing in the event of any of the following:
- 69.1. *Non-performance in accordance with EMR, these rules, PRORE, Market Conduct Rules, the participation agreement and other documents applicable to the power exchange operation,*

- 69.2. *Initiation or doubt about initiating criminal or regulatory proceedings related to the participation of the respective trading participant on the power exchange;*
- 69.3. *Other issues, related to the certain trading participant, who, acting in good faith, would expect to be of interest to IBEX, regarding its participation in the power exchange for electricity.*

## **Chapter VI Ancillary provisions**

70. The power exchange operator shall conduct its activities in accordance with EMR, these rules, OROPX, Market Conduct Rules and other applicable law.
71. The power exchange operator shall publish on its website in a list called "Unqualified Participants" the name of the Commercial Participant sanctioned in accordance with these rules for a term identical to the term of the sanction imposed.

### ***Applicable law***

72. Any claims, disputes or differences, which may arise out of or in connection with these rules shall be settled in accordance with current Bulgarian law.

### ***Rules amendments***

73. Any amendments in this document shall take effect upon a 7 (seven)-day notice on the website of the operator.
74. Irrespectively of the provisions of article 73, amendment of these rules may be done with immediate effect, following notification to trading participants:
- 74.1. *Where required by applicable law;*
  - 74.2. *Where amendments are required to ensure correct and effective operation of the power exchange;*
  - 74.3. *Where amendments are related to removing mistakes in the rules;*
  - 74.4. *Where amendments come as a result of changes in the rules and procedures applicable for members of PCR and MCR couplings;*
  - 74.5. *Where amendments are of editorial nature and do not lead to material changes.*

### ***Effectiveness***

75. These rules shall take effect upon publication on the power exchange operator's website.

## Terms

- **Financial day** – each public working day, when banks in the territory of Bulgaria perform their common business.
- **Non-working (non-financial day)** – statutorily set holidays and public holidays, when banks operating on the territory of the country do not perform their common business.
- **Day D-1** – a trading day, during which, bids are submitted by trading participants and transactions on the power exchange are concluded. It precedes the delivery day.
- **Day D** – a delivery day, when physical delivery is effectuated.
- **Participation agreement** – an agreement regulating the rights and obligations of the operator and the trading participant on the power exchange.
- **Power exchange session** – conducting of organized trade on the power exchange for a particular delivery day.
- **Net seller** – a trading participant, who for a given trading session, has concluded transactions for sale of electricity at a total amount higher than the total amount of purchase transactions concluded for the same delivery day.
- **Net purchaser** - a trading participant, who for a given trading session, has concluded transactions for purchase of electricity at a total amount higher than the total amount of sale transactions concluded for the same delivery day.
- **Net purchase** – occurs, when the total amount of purchase transactions concluded is higher than the total amount of sale transactions concluded for a given trading day.
- **Net sale** - occurs when the total amount of sale transactions concluded is higher than the total amount of purchase transactions concluded for a given trading day.

### Important notice:

*The English version is only for your convenience and has no legal force.*