

Instruction 5

on determining the Values of the Physical Delivery Margin

1. The value of the physical delivery margins

During the delivery period, the total necessary bonds consist of:

- the Initial Margin for the open positions entered in the Delivery Period
- the Variation Margin if its value is *negative* on a Contract
- the Physical Delivery Margin for the Delivery Period of a Contract

2. Release of Bonds during the Delivery Period

2.1 The Initial Margin is released on the first day after the end of the Delivery Period.

2.2 The *Negative* Variation Margin and the Physical Delivery Margin **are released in equal instalments, pro-rata for each day of the Delivery Period** according to the following algorithm:

The value of an instalment = (the Negative Variation Margin + the Physical Delivery Margin)/*n*

and

the *n* instalment is released on the Day *n* of the Delivery Period

- Where *n* represents the number of delivery days in a Delivery Period (*7 for the week and 28/29/30 or 31 for the month*)
- The first instalment shall be issued on the first day of the Delivery Period.
- The last instalment shall be issued on the last Day of the Delivery Period.

3. The way the Bonds are released in the CM account at the Clearing House depending on their type:

3.1 The release of cash funds deposited by the CM or withheld through *Direct Debit* for the Physical Delivery Margin upon entering the delivery period and for the Variation Margin with negative value before the Contract enters the delivery period.

- The cash retained through Direct Debit or deposited by payment order is assimilated to the Bonds automatically.
- The cash retained through Direct Debit is highlighted in the Account Balance jointly with the cash deposited by the CM by payment order.
- The cash funds existing in the CM account in cash, either retained through Direct Debit or deposited by payment order are highlighted in the analytical within the Account Balance.
- The release of cash in the MC Account is made with priority over any other Bonds.
- The release of cash bonds is made pro-rata based on the principles set out at point 2.2
- The effective withdrawal of money funds from the CM account to the banking system is made only on the basis of a cash withdrawal request addressed to the RCE and only within the limit of the actual cash available, unblocked in margins at the time of payment.
- The actual withdrawals of cash funds from the CM account to the banking system are NOT made separately from the payments and receipts for the Support Asset in the Delivery Period.

3.2 Release of Bonds other than cash funds

- Any other Bonds submitted by the participant in favour of the RCE, are treated uniformly in terms of release.
- The release of Bonds shall be done automatically according to point 2 in the Account of a CM.