



ATHEXCLEAR
Clearing House

**ATHEXCLEAR REPORT ON
IOSCO FMI PRINCIPLES**

September 2023

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TABLE OF CONTENTS

| | |
|---|----------|
| 1. INTRODUCTION..... | 1 |
| 1.1 Scope of this document..... | 1 |
| 1.2 A brief introduction on ATHEXCLEAR | 1 |
| 1.3 Activities, products and scope..... | 2 |
| 1.4 Rules and Board of Directors (BoD) Resolutions..... | 3 |
| 2. ATHEXCLEAR DISCLOSURE FRAMEWORK..... | 4 |
| 2.1 Principle 1 – Legal Basis..... | 4 |
| 2.2 Principle 2 - Governance | 6 |
| 2.3 Principle 3 - Framework for the comprehensive management of risks..... | 12 |
| 2.4 Principle 4 – Credit Risk..... | 14 |
| 2.5 Principle 5 - Collateral | 16 |
| 2.6 Principle 6 - Margin | 17 |
| 2.7 Principle 7 – Liquidity Risk..... | 19 |
| 2.8 Principle 8 – Settlement Finality..... | 21 |
| 2.9 Principle 9 – Money Settlements | 22 |
| 2.10 Principle 10 – Physical deliveries..... | 23 |
| 2.11 Principle 11 – Central securities depositories | 24 |
| 2.12 Principle 12 - Exchange-of-value settlement systems..... | 25 |
| 2.13 Principle 13 - Participant-default rules and procedures | 26 |
| 2.14 Principle 14 - Segregation and portability..... | 28 |
| 2.15 Principle 15 - General business risk..... | 30 |
| 2.16 Principle 16 - Custody and investment risks | 31 |
| 2.17 Principle 17 – Operational risk | 32 |
| 2.18 Principle 18 - Access and participation requirements..... | 34 |
| 2.19 Principle 19 - Tiered participation arrangements | 35 |
| 2.20 Principle 20 – FMI links..... | 36 |
| 2.21 Principle 21 – Efficiency and effectiveness | 37 |
| 2.22 Principle 22 - Communication procedures and standards..... | 38 |
| 2.23 Principle 23 - Disclosure of rules, key procedures, and market data..... | 39 |

1. Introduction

1.1 Scope of this document

ATHEXCLEAR is an authorized CCP under EMIR for clearing securities and derivatives products, mainly on the equity asset class, but also government and corporate bond, securities lending products as well electricity futures. This document provides information regarding the principles as described in IOSCO document "Principles for Financial Market Infrastructure".

1.2 A brief introduction on ATHEXCLEAR

"ATHENS EXCHANGE CLEARING HOUSE" (ATHEXCLEAR) was founded on 22.7.2005. The registration in the Companies Register was published in the Government Gazette (Issue 8298/22.7.2005).

The General Electronic Commercial Registry (GEMI) Number of the company is 6410501000 (former Companies Register No 58973/01/B/05/309).

ATHEXCLEAR is a 100% subsidiary of Hellenic Exchanges-Athens Stock Exchange S.A. (ATHEX), the market operator of the Hellenic cash and derivatives markets for equities and bonds.

ATHEXCLEAR provides clearing services and acts as a central counterparty, safeguarding markets and participants by providing state of the art clearing services and risk management. The clearing concerns a wide range of listed securities (stocks, ETF, bonds, stock warrants), derivatives (equity, commodity and energy-based futures and options) as well as the stock lending market. The regulated markets served are the ATHEX Stock Exchange, The ATHEX Derivatives Exchange and from 2020 the ENEX Derivatives Exchange (Energy Exchange Group); until 2017 ATHEXCLEAR offered clearing services to the Romanian based SIBEX Derivatives Exchange (acquired by BVB).

More information regarding the ATHEXCLEAR organizational chart, Board of Directors the Articles of Association of the Company and the Company's financial statements may be found at ATHEXGroup website in the following link: athexgroup.gr/AthexGroup/About us/The company/Subsidiaries/ATHEXCLEAR

1.3 Activities, products and scope

ATHEXCLEAR performs the following clearing activities:

1. Clearing activities in transferable securities

Clearing activities with respect to transactions in transferable securities the execution of which takes place on the Securities Markets of the Athens Exchange S.A., related to:

- a. Shares, other equivalent securities and warrants as equity securities, referred to in Annex I, Section C, point (1) of MiFID II
- b. Corporate and government bonds as debt securities, referred to in Annex I, Section C, point (1) of MiFID II
- c. Treasury bills as money market instruments, referred to in Annex I, Section C, point (2) of MiFID II
- d. Exchange trading funds (ETFs) as unit securities, referred to in Annex I, Section C, point (3) of MiFID II, which are negotiable on capital markets

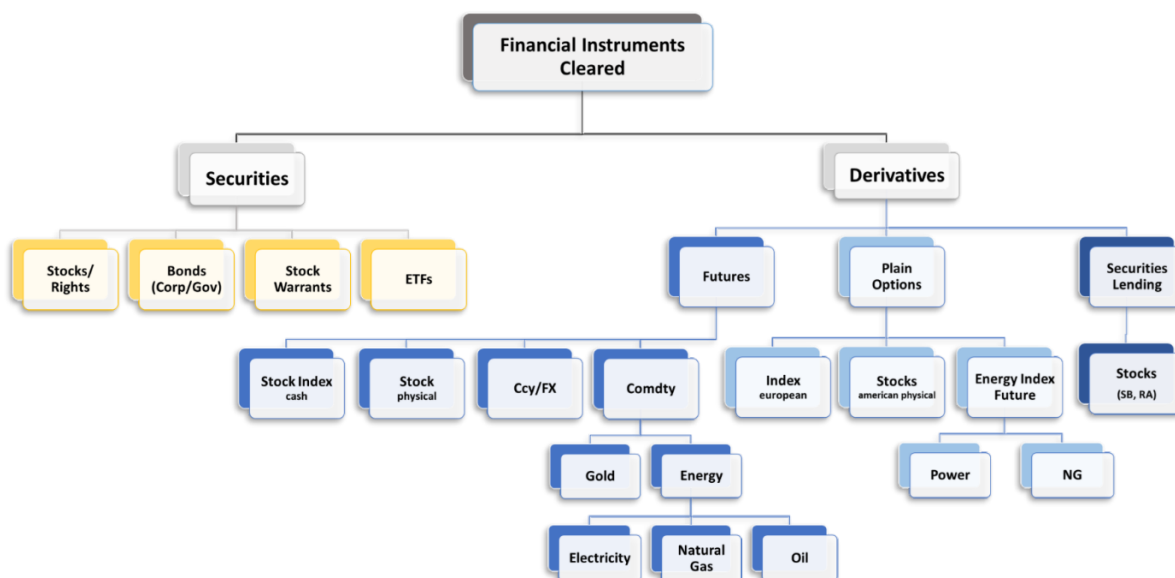
All the aforementioned securities transactions are settled in euro (€).

2. Clearing activities in derivatives

Clearing activities with respect to transactions in derivatives the execution of which takes place on the Derivatives Markets of ATHEX, related to derivatives, referring to Annex I, Section C, point (4) of MiFID II:

- a. Futures and options related to indices of equity securities, which are settled in cash
- b. Futures and options related to equity securities, which are physically settled

All the aforementioned derivatives transactions are settled in euro (€).



1.4 Rules and Board of Directors (BoD) Resolutions

All the regulatory framework is available in ATHEX site: www.athexgroup.gr

1. Regarding equities clearing the following documentation constitutes the Rules:
 - a. ATHEXCLEAR Rulebook for Clearing Derivatives Transactions (RCDT). The latest version can be found in <http://www.athexgroup.gr/web/guest/athexclear-regulations>
 - b. The BoD Resolutions. The related BoD Resolutions can be found in <http://www.athexgroup.gr/web/guest/athexclear-resolutions>

2. Regarding derivatives clearing the following documentation constitutes the Rules:
 - a. ATHEXCLEAR Rulebook for Clearing Transactions in Book-Entry Securities (RCTBES). The latest version can be found in <http://www.athexgroup.gr/web/guest/athexclear-regulations>
 - b. The BoD Resolutions. The related BoD Resolutions can be found in <http://www.athexgroup.gr/web/guest/athexclear-resolutions>

2. ATHEXCLEAR disclosure framework

2.1 Principle 1 – Legal Basis

Principle 1: Legal Basis

An FMI should have a well-founded, clear, transparent, and enforceable legal basis for each material aspect of its activities in all relevant jurisdictions.

ATHEXCLEAR is a clearing house in accordance with the Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (European Market Infrastructure Regulation, “EMIR”) as approved by the Hellenic Capital Markets Commission (“HCMC”). ATHEXCLEAR’s initial license granted by HCMC through the Resolution 1/704/22.1.2015 of HCMC was extended under the Resolution 1/871/28.2.2020 of HCMC. ATHEXCLEAR is thus allowed to clear securities and derivatives traded on the respective markets of Athens Exchange (“ATHEX”) as well as energy derivatives listed on the derivative market of Hellenic Energy Exchange (“HEEx”). ATHEXCLEAR is listed in the ESMA register of Central Counterparties authorized to offer services and activities in the Union in accordance with EMIR.

ATHEXCLEAR is also a Société Anonyme under Greek law No 4548/2018. It is a wholly owned (100%) subsidiary of ATHEX. The company was founded in March 2010 and provides clearing services as a separate legal entity since July 2010.

ATHEXCLEAR’s offering of clearing services to clearing members as well as the participation conditions and criteria is governed by ATHEXCLEAR’s Rulebook for Clearing Transactions in Book-Entry Securities as well as its Rulebook for Clearing Derivatives Transactions (in common “the Clearing Rulebooks”) and the relevant Resolutions issued under powers delegated by the Rulebooks and supplementing it. These terms are publicly available at ATHEXCLEAR’s website. Clearing members accepting these conditions accede to the framework governing the provision of clearing services as provided for in the Regulations and Decisions of ATHEXCLEAR, which have a higher degree of formal validity since they are issued pursuant to Greek law no. 3606/2007 and thus ensuring their legal enforceability in all relevant jurisdictions.

At this time, ATHEXCLEAR has no clearing members based in third countries. Before accepting a clearing member having its registered seat in third country jurisdiction, ATHEXCLEAR mandates a local law firm to analyze the enforceability of the main principles of the relevant clearing models offered in such jurisdiction under the relevant national law. Only in case of a positive outcome of such legal assessment, ATHEXCLEAR accepts clearing members from those jurisdictions. In any case, when potential conflicts of law issues would arise otherwise, ATHEXCLEAR in compliance with EMIR provisions identifies and analyses any potential conflicts of law issues and puts in place measures to mitigate legal risk resulting from such issues.

The close-out netting concept as well netting procedures have a legal basis in the Greek laws No 3606/2007 and 3301/2004 and are further specified in the Clearing Rulebooks.

The Clearing Rulebooks provide also rules for collateral arrangements. Generally, clearing members provide collateral in the form of cash or securities, as in favor of ATHEXCLEAR to secure the proper fulfillment of their clearing and settlement obligations vis-a-vis ATHEXCLEAR in accordance with Article 46 of EMIR, Articles 37 to 42 of Commission Delegated Regulation (EU) No 153/2013, Article 77 of Greek law No 3606/2007 and the specific provisions of the Clearing Rulebooks. If the collateral provided in cash or securities is kept in accounts in the name of ATHEXCLEAR as collateral taker, a title transfer financial collateral is established hereunder in its favor as provided for in Greek law No 3301/2004, which transposed into Greek law the Directive 2002/47/EC on financial collateral arrangements.

Moreover, Clearing Rulebooks include default rules and procedures for the event of default of a Clearing member, which comply with requirements set out by Articles 42 (Default Fund), 45 (Default Waterfall) and 48 (Default Procedures) of EMIR.

The finality of transfers of funds and financial instruments is ensured by the involved CSDs as set out under the Greek law No 2789/2000, which transposed into Greek law the Directive 98/26/EC on settlement finality in payment and securities settlement systems.

Furthermore, currently, ATHEXCLEAR does not engage in any interoperability arrangements.

ATHEXCLEAR ensures that its rules and procedures are clear, comprehensive, in writing and in compliance with EMIR, Greek law as well as all other applicable regulatory and supervisory requirements. Certain documents (including the Clearing Rulebooks) are publicly available via ATHEXCLEAR's website. The HCMC as the competent authority has access to all documents.

2.2 Principle 2 - Governance

Principle 2: Governance

An FMI should have governance arrangements that are clear and transparent, promote the safety and efficiency of the FMI, and support the stability of the broader financial system, other relevant public interest considerations, and the objectives of relevant stakeholders.

The objectives of ATHEXClear (Company) are clearly defined in its Articles of Association (AoA), its Internal Rules, and its annual report. More precisely, in article 3 of its AoA, it is stated that the main object of the Company is:

- The Operation of Clearing Systems and/or Central Counterparty Systems as well as of relevant mechanisms with similar characteristics and/or of those systems combined for the exercise, in Greece and/or abroad, of activities regarding finalizing or arrangement of the finalization of transactions on financial instruments and in general its functioning as a System Operator in accordance with the provisions of articles 72 et s. of Law 3606/2007 (Gov. Gaz. A/195/17.8.2007) as from time to time in force.
- The provision of services of any kind to any third party, in Greece or abroad, which are related to the clearing, the operation of central counterparty for the finalization or the arrangement of the finalization of transactions in financial instruments and in general the due fulfilment of the rights and obligations arising from such transactions.
- The provision of services for the preparation of settlement and of services relating to the management of risks arising from transactions in financial instruments and in general the provision of services aiming to the assurance of the fulfilment of obligations of any kind and of the exercise of rights of the persons who order the conclusion of transactions relating to financial instruments in Greece or abroad.
- Any other activity provided or arising from legislation as from time to time in force regarding matters on which the company exercises its activities as well as any other activity relevant to the above.

To ensure safety and efficiency of its operations, the Company has an adequate information technology (IT) system and ensures that the information and corresponding facilities are available when needed (availability), the information is accurate and complete when used (integrity), and the information is only accessible to the authorised entities (confidentiality). Furthermore, the Company has established a system of internal controls that is designed to achieve the corporate objectives and covers all material controls, including financial, operational and compliance controls, as well as the risk management systems.

Moreover, financial stability is specifically addressed in its Internal Rules and in its annual report. The Board is explicitly identified as the responsible body for ensuring the long-term financial integrity of the firm and for setting, monitoring and managing the risk tolerance and risk management of the firm. The Board is responsible for ensuring that ATHEXClear always remains compliant with all relevant regulations, that it is accountable towards all stakeholders, and that its risk management framework is appropriate for the services it offers to the public. Additionally, in the Company's annual report, it is stated that the Company's objective is to maintain a sufficient level of liquidity to ensure that it is in position to fulfill the payments and settlements in all related currencies that become payable.

Financial objectives and forecasts are based on certain basic indicators that are continuously monitored, such as average daily and monthly turnover, turnover velocity, market capitalisation, and index performance. Nevertheless, there are reports tracking non-financial key performance indicators (KPI), such as down-time, extensions clearing schedule, etc.

The Company is also open and responsive towards its clearing members. It seeks feedback from clearing members via several channels and especially in the form of consultations, which take place in case of major changes in the

clearing system, in risk management and the Company's operations, as the aforementioned are described in its Clearing Rulebook.

Rules for obtaining clearing member capacity as well as access to the transactions' clearing system are fair and open without exceptions and are described on the Clearing Rulebook. Also, ATHEXCLEAR annually conducts a compliance check sending questionnaires to clearing members to ensure continuous compliance with its Rulebook.

In addition, ATHEXCLEAR has a Recovery Plan approved by the Board, according to Regulation (EU) 23/2021 which is activated after a Default Event or a Non- Default Event or a combination thereof, which may cause such losses that the Company will not be able to absorb using the existing available pre-funded resources which it possesses.

The Company is a 100% subsidiary of Athens Exchange Group (ATHEX Group).

ATHEXCLEAR has clearly documented, robust governance arrangements, which include a clear organizational structure, with well defined, transparent and consistent lines of responsibility, including the Board of Directors (BoD), committees and management, and with effective processes to identify, manage, monitor and report risks and adequate internal control mechanisms.

As an anonymous company, ATHEXCLEAR complies with the governance arrangements stipulated in law N.4548/2018 ('Companies Law'). The Companies law establishes the authority of the shareholders' general meeting, sets provisions for the existence of binding AoA and for the representation and management of the anonymous company by a board of directors, and stipulates board duties and management of conflicts of interest.

The Board, following EMIR's corporate governance rules, consists of seven members with five of them are non-executive independent members. More details about the composition of the Board and its procedures are publicly available on the AoA on company's website (<https://athexgroup.gr/web/guest/athexclear>).

ATHEXCLEAR's Board has established advisory committees to support its work, specifically an Audit Committee and a Nomination and Remuneration Committee composed by non-executive, independent members of the Board as well as a Risk Committee according to EMIR provisions (see ATHEXCLEAR Board Resolution 9 "Risk Committee" on company's website: athexgroup.gr/Operations/Regulatory/Resolutions/ATHEXCLEAR)

All these arrangements have been reflected in ATHEXCLEAR's AoA and Internal Operations Regulation. In the AoA, the general meeting is recognised as the supreme body of the company, while the responsibility of managing the company is assigned to the Board of Directors. The AoA includes provisions for the role and composition, term, representation, authority, duties, conflicts of interest, and compensation of the Board. Company's Internal Rules a) provide more detail on all aspects relating to the functioning of the Board, including structure, ethics, duties and compensation policies, b) give definitions of executive and non-executive members, c) establish board committees, d) set up the senior management team and define its duties, e) describe in detail the management structure, f) establish the proper lines of responsibility, g) and provide a full organisational chart (publicly available on company's website: athexgroup.gr/AthexGroup/About us/The company/Subsidiaries/ATHEXCLEAR).

The responsibilities and accountabilities of each unit of ATHEXCLEAR are clearly defined in internal documents (Internal Operations Regulation and other internal regulations, policies and procedures). ATHEXCLEAR has in place a Chief Risk Officer, a Chief Compliance Officer and a Chief Technology Officer whose lines of responsibility are clear, consistent and well-documented.

Furthermore, accountability to clearing members is achieved by the adoption of complaints management policy and corresponding procedure and system. The complaints procedure describes how a clearing member having a complaint about the performance or the failure to perform any of ATHEXCLEAR obligations or any regulatory requirements can submit this complaint and how ATHEXCLEAR investigates and resolves the complaint.

Certain functions, mainly supportive, are outsourced within ATHEXGROUP in accordance with group's outsourcing policy and with EMIR provisions, with ATHEXCLEAR remaining fully responsible for those functions.

The conflict-of-interest policy addresses conflicts of interest at any level including Board members and senior management. In particular, conflict of interest policy and procedures cover conflicts between the company or the group and other participants (especially clearing members and clients) as well as conflicts arising from board or management members having duties also to other group entities.

According to the law, the AoA and the Internal Operation Regulation, the Board of the Company is accountable to the general meeting of shareholders. In addition, the law stipulates that the company is accountable to the respective competent authority.

ATHEXClear discloses its governance arrangements (organizational structure, key elements of remuneration policy, key financial information) to its clearing members and other market participants on its website (<https://athexgroup.gr/web/guest/athexclear>, <https://athexgroup.gr/web/guest/regulated-publication>).

The Board, acting collectively, is responsible for the management and administration of corporate affairs, it decides in general on every matter concerning the CCP and performs all acts except those for which the General Meeting is authorized by law or the AoA.

More specifically, the Board is responsible for:

1. Setting clear goals and strategies.
2. Effectively monitoring senior management.
3. Ensuring compliance with all relevant rules and regulations.
4. Holding itself accountable to the shareholders and the relevant competent authorities; for establishment of appropriate remuneration policies.
5. The oversight of risk management.
6. The supervision of compliance and internal audit functions as well as of any outsourcing arrangements.
7. The provision of accountability for shareholders or owners and employees, clearing members and their customers and other relevant stakeholders.

Members are barred from pursuing own interests that are opposed to the interests of the Company and are obligated to disclose, either verbally or in writing, to the rest of the Board members without undue delay those own interests and any conflicts of interest, according to the Company's Conflict of Interest Policy and Procedures. Members are allowed to conduct own transactions to the extent that these transactions are not detrimental to the Company's interests. If a conflict of interest arises from the aforementioned transactions, then these should be reported to the BoD.

The Board of Directors comprises of seven (7) members. Five (5) of them are independent non-executive members, one (1) is non-executive member and one (1) is executive member, so that independent views are well represented in the Company's BoD and at the same time the Company maintains its independence.

The members of the BoD, including independent members, have sufficiently good reputation and appropriate expertise in financial services, risk management and clearing services. More precisely, the current Board members have an advanced level of expertise in finance, economics, domestic and international law, communications, IT, risk management, and human resources. In addition to this, the positions of CEO and Chairman of the Board are held by different persons. Chairman of the Board is non-executive and there is an independent, non-executive Vice Chairman.

The above eligibility criteria are examined by the competent supervisory authority, in accordance with the applicable legislation.

The arrangements as per which the Board and senior executives operate include procedures to identify, address and manage potential conflicts of interests of the members of the Board and senior management also through the implementation of the relevant provisions of its Internal Rules. In particular, the opinion of the Capital Market Commission for "Principals", the "Loyalty Obligation" of the BoD members and the policies of ATHEXClear (Conflict

of Interest, Remuneration Policy) relate to, but are not limited to, measures taken by ATHEXClear concerning the management of conflicts of interest of BoD members and senior executives.

The Nomination and Compensation Committee has responsibilities in selecting and nominating Board members. The Committee plans and coordinates the selection process of Board members and ensures that there is an appropriate combination of knowledge, skills and experience. It also checks and verifies the definition of independence criteria, so that a Board member can be qualified as independent, in accordance with the definition in EMIR as well as in law 4706/2020 for corporate governance.

According to Group Remuneration Policy, the remuneration of the independent and other non-executive members of the Board is not related to the business performance of ATHEXClear.

Internal Rules stipulate that all managers shall ensure the proper and smooth execution of work within the limits of the powers delegated to them by the Company. Moreover, they ensure that their subordinates are informed immediately of the announcements and decisions of the administration relating to the execution of their work and to provide them with any information, clarification and information on the issues handled. The Company has a Chief Risk Officer (CRO), a Chief Compliance Officer (CCO) and a Chief Technology Officer (CTO). These functions are carried out by different individuals, who are entrusted with the exclusive responsibility of performing these functions.

The objectives of senior management are set by the CEO, the Board of Directors and the head of each organizational entity.

The senior managers have at least the following responsibilities:

1. ensuring that the company's activities are aligned with the objectives and strategy of the company as determined by the Board;
2. designing the company's operations in risk and compliance and internal controls with the participation of the relevant departments;
3. ensuring that adequate resources are allocated to risk management and compliance;
4. designing and establishing operating procedures and internal controls that promote the company's goals;
5. submitting internal control processes to regular reviews and regular monitoring; active participation in the risk control process;
6. ensuring that the risks entailed for the CCP by its clearing and its clearing-related activities are properly addressed.

ATHEXClear maintains separate and independent functions for Risk Management, Compliance and Internal Audit.

The reporting lines for risk management, compliance and internal audit are separate from those for the other operations of the CCP. The Chief Risk Officer reports to the Board through the chair of the Risk Committee, the Chief Compliance Officer reports directly to the Board and the Internal Auditor reports to the Board either directly or through the Audit Committee.

Some of the members of the senior management may be common in ATHEXGROUP's companies but there are arrangements (intra-group outsourcing contracts, conflict of interest policy and procedures, definition of specific responsibilities for each role of senior management members) in order to achieve independence and the expected level of their services.

The performance of the senior management is assessed annually and is based on financial results, systems uptime, qualitative assessments, and KPIs.

The Human Resources department reviews all job descriptions and describe ideal skills for each one. The job descriptions detail the required and desired knowledge, experience, and expertise, as well as professional qualifications, and technical and soft skills. The hiring process includes technical tests, language tests, and interviews.

Targets are set for management on annual basis. The targets are set at an individual level starting from senior management and these goals are cascaded down to lower-level employees.

There is an end of year appraisal at individual level that includes both a quantitative and qualitative assessment against goals and targets.

The Company's BoD is ultimately liable and accountable for the risk management of the Company. Specifically, the BoD determines, defines and documents the Company's indicated risk tolerance level and risk assumption ability. Furthermore, the BoD and senior management shall ensure that the policies, procedures and controls of the Company comply with the Company's risk tolerance level and risk assumption ability, and examine the method by which the Company identifies, reports, monitors and manages risks.

ATHEXCLEAR has established a Risk Committee whose terms of operation are described in ATHEXCLEAR Board resolution 9 "Risk Committee" (publicly available on company's website: athexgroup.gr/Operations/Regulatory/Resolutions/ATHEXCLEAR). The Risk Committee advises and makes proposals to the Board of Directors of ATHEXCLEAR about risk management which ATHEXCLEAR performs in accordance with its terms of operation, adopting article 28 of Regulation (EU) No 648/2012 and the provisions of Commission Delegated Regulation (EU) No 153/2013. The Risk Committee reports directly to the Board of ATHEXCLEAR. Specifically, Risk Committee advises BoD on issues such as:

- any significant change in the risk model applied
- the Clearing Member's default procedures as defined in the Clearing Rulebook
- the criteria for the acceptance of Clearing Members, as defined in the Clearing Rulebook
- the clearing of new instruments categories as specified in the Clearing Rulebook, or
- any outsourcing of ATHEXCLEAR's duties, where applicable

The Risk Management Unit is an independent function dedicated to ATHEXCLEAR which has the responsibility to identify risks, and work closely with the risk owners to evaluate each risk and implement the necessary controls. The Chief Risk Officer is the Head of the Risk Management Unit and reports to the Board through the Chair of the Risk Committee.

An Audit Committee also exists at ATHEXCLEAR Board level. All three members of the Audit Committee are independent and non-executive members. The Audit Committee is responsible for assessing the quality and integrity of the internal and external audits. The Internal Audit Function is an independent function assigned with the task of assessing the risk of the operations of individual business units of the organization and reports to the Board either directly or via the Audit Committee.

ATHEXCLEAR's Board considers clearing members' views when designing its rules. ATHEXCLEAR has put in place a Risk Committee where a cross-section of clearing members is represented. The Risk Committee advises the Board on any arrangement and topic that concern its clearing members. There is also a Rulebook Amendment Committee comprising ATHEXCLEAR managers, Board members of ATHEX and ATHEXCLEAR, members representing the Union of Listed Companies, members from the Association of Members of the Athens Exchanges, members from the Hellenic Fund & Asset Management Association and members from the Hellenic Bank Association.

ATHEXCLEAR has open communication channels with clearing members by offering a dedicated communication platform, JIRA, for use by members. Clearing members can use the platform to open queries about any issue they may experience or to ask any question they may have. Response is prompt and resolution is timely. The ATHEX Members and Network Management Unit is in communication with clearing members and sends notifications about decisions or operational issues to all participants via emails. Finally, ATHEXCLEAR conducts surveys to gather clearing members' views.

ATHEXCLEAR discloses its major decisions to clearing members, and the general public on its website, or through newsletters and the local media. Finally, changes to the Clearing Rulebook and the associated resolutions are published upon any change by the Board. All documentation is provided in both in English and Greek.

2.3 Principle 3 - Framework for the comprehensive management of risks

Principle 3: Framework for the comprehensive management of risks

An FMI should have a sound risk-management framework for comprehensively managing legal, credit, liquidity, operational, and other risks.

ATHEXCLEAR has a sound risk management framework for comprehensively managing legal, credit, liquidity, operational and other risks.

ATHEXCLEAR has developed a comprehensive risk management framework for the risks it is exposed to in proportion to the size, nature and complexity of its operations. The overall risk management framework, in conjunction with the other relevant regulations specifying the provisions, define how the Company continuously collects and utilizes any internal or external information, so that it is able to detect, recognize, classify, analyze, evaluate, measure, assess economic impacts, monitor, control and effectively treat all the risks that exist in every activity and function. ATHEXCLEAR addresses all risks, internal or external, present or future, and especially those recognized as important (material) i.e., those that might jeopardize the company's solvency. **The Risk Management Policy Framework** defines the key risk management principles, the risk tolerance level, the governance regulations and the single risk management process for all risk categories.

The risk management framework, in conjunction with other relevant regulations, set a strong control environment, which enables the Company's operational units of being capable to achieve their functional objectives vis-à-vis preserving risks within the approved tolerance levels, while promoting a continuous improvement of risk practices and their adaptation to the ever-evolving operational environment.

ATHEXCLEAR manages its legal risk through monitoring for amendments and interpretative changes to applicable regulations as well as consistent monitoring for ongoing compliance with existing regulations. The Legal, Regulatory, Compliance Division is being involved.

Credit risk is managed according to Principle 4.

Liquidity Risk is managed according to Principle 7.

Operational Risk is managed according to Principle 17. Operational risk management includes monitoring of ATHEXCLEAR's service providers and planning for business continuity under various scenarios. ATHEXCLEAR had their Business Continuity Management System accredited with ISO22301:2019 for the offered products and services.

ATHEXCLEAR manages systemic risk through several aspects of its risk management framework, including monitoring of Clearing Members as discussed in greater detail under Principle 4.

ATHEXCLEAR manages collateral risk through a rigorous monitoring of the value, quality and liquidity of assets and is addressed through proper Clearing Members collateral management as discussed in detail under Principle 5.

ATHEXCLEAR's investment policy limits the investment instruments to those with high credit quality, high liquidity and low price volatility. Any pre-funded resources of CMs are deposited within Central Bank TARGET2 accounts, moreover. The investment policy is approved by the Board of Directors, taking into account the provisions of Regulation (EU) no. 648/12 and 153/13. Custody and investment risks are covered under Principle 16.

Settlement risk is mitigated through rules and procedures which clearly define the point at which settlement is final. Payment schedules, rules and Procedures are clearly detailed in ATHEXCLEAR Rulebooks and BoD Resolutions.

A recovery plan, in accordance with Regulation (EU) 2021/23 (RRR), has been already submitted to the regulatory authorities for approval, where default & non default scenarios that could threaten the solvency of the CCP or

prevent it from being able to provide its critical operations and services are addressed, while mitigating actions are described in detail. Orderly wind-down of activities, when becoming necessary, is achievable through a range of rules and own financial resources according to Art. 2 (EU) 152/2013. Additional information is available under Principle 13 and Principle Additional information is available under Principle 13 and Principle 15.

2.4 Principle 4 – Credit Risk

Principle 4: Credit Risk

An FMI should effectively measure, monitor, and manage its credit exposures to participants and those arising from its payment, clearing, and settlement processes. An FMI should maintain sufficient financial resources to cover its credit exposure to each participant fully with a high degree of confidence. In addition, a Clearing Member that is involved in activities with a more complex risk profile or that is systemically important in multiple jurisdictions should maintain additional financial resources sufficient to cover a wide range of potential stress scenarios that should include, but not be limited to, the default of the two participants and their affiliates that would potentially cause the largest aggregate credit exposure to the Clearing Member in extreme but plausible market conditions. All other Clearing Members should maintain additional financial resources sufficient to cover a wide range of potential stress scenarios that should include, but not be limited to, the default of the participant and its affiliates that would potentially cause the largest aggregate credit exposure to the Clearing Member in extreme but plausible market conditions.

ATHEXCLEAR effectively measures, monitors and manages its credit exposures to Clearing Members and those arising from its payment, clearing and settlement process. ATHEXCLEAR maintains sufficient resources to cover its credit exposure to each Clearing Member fully with a high degree of confidence. In addition, ATHEXCLEAR maintains financial resources sufficient to cover a wide range of potential stress scenarios, including the default of the two Clearing Members that would potentially cause the largest aggregate credit exposure to ATHEXCLEAR in extreme but plausible market conditions.

To mitigate credit risk, ATHEXCLEAR actively monitors credit exposure to Clearing Members. Initial and ongoing validation of risk models and methodologies are carried out by an independent party, in order to identify and adopt any necessary corrective measures before implementation.

Moreover, any substantive revisions or adaptations of models are subject to proper governance, including, among others, an opinion from the Risk Committee and independent validation.

In its operation as a clearing house, ATHEXCLEAR acts as a Central Counterparty and rigorously controls the risks it assumes. Margins Credit Limits and Default Fund contributions are the main tools to mitigate credit risk.

Margin requirement is calculated per Clearing Member and Clearing Account level.

The margin calculation is done automatically by the clearing system. The trading system provides on-line information regarding new trades.

During the trading session ATHEXCLEAR allocates Credit Limits to Clearing Accounts based on available guarantees and calculated risk. Through the Clearing System, each Clearing Member allocates the Credit Limit of the Clearing Account to Trading Members.

Pre-order pre-funded limit consumption at trading member level is an important pillar of counterparty credit risk management.

The allocated Trading Limit is consumed during the trading session when a new order is entered, or a new transaction is concluded. A new order will only be entered in the order book if the resulting risk is covered by available credit limit. If the trading limit is fully consumed more orders are accepted by the trading system; the Clearing Member has to provide additional collateral and allocate the resulting credit limit to the trading members in order for them to be able to continue entering orders.

Margin Calls to Clearing Members for a Clearing Account are issued when the available guarantees do not cover calculated risk or breach certain margin maintenance limits. Clearing Members have to have excess collateral before in order to obtain a credit limit to enter orders.

ATHEXCLEAR has also the right to require additional margins intraday in extraordinary situations.

Cash margins in Euro are provided through Target 2 System. ATHEXCLEAR receives cash collateral in Euro through ATHEXCSD Target 2 Ancillary system.

Beside cash, selected stocks listed at ATHEX are considered as eligible collateral.

ATHEXCLEAR maintains the list of eligible collateral based on specific criteria like liquidity and trading activity as described in Principle 5. These securities are pledged in favor of ATHEXCLEAR in ATHEXCSD (Central Depository). The collateral deposited is valued in near-to-real-time (every 5 minutes).

ATHEXCLEAR requires *all Clearing Members of a clearing service to participate in the Default Fund (DF)*; two separate Default Funds exist one for the Securities market clearing service and one for the Derivatives market clearing service. Both funds are sized, at least based on stress test results. The Default Fund mutualizes losses after prefunded resources of the defaulting CM and the SIG of ATHEXCLEAR is exhausted. ATHEXCLEAR Default Funds have been designed to provide adequate loss absorption capacity to cover potential losses associated with the default of the Clearing Member Groups with the largest aggregate credit exposure (Cover 1; 1-2 & 2-3) in extreme but plausible market conditions.

The minimum DF contribution is €500,000 for General Clearing Members and €30,000 for Direct Clearing Members, while there is a regular monthly update of contributions to the DF. ATHEXCLEAR has the authority to recalculate Default Fund contributions also on an extraordinary basis.

In a default event, prior to the use of DFs, a specific amount from own dedicated ATHEXCLEAR funds (“skin in the game”-SIG) is used to cover losses. This participation represents ATHEXCLEAR’s commitment to ensure that ATHEXCLEAR’s economic interests are aligned with that of the Clearing Members.

ATHEXCLEAR conducts rigorous stress testing to ensure adequate financial resources. Stress testing allows ATHEXCLEAR to discover any potential weaknesses in the risk methodologies as well as to exercise short-term measures if the tests reveal that any Clearing Members are inadequately collateralized. ATHEXCLEAR tests ad-hoc scenarios along with the pre-defined scenarios to study the impact of marketplace events on the risks faced by ATHEXCLEAR. Stress scenarios are applied to actual positions of clearing accounts that are cleared by ATHEXCLEAR.

The validation methodology applied by ATHEXCLEAR includes the following:

- an evaluation of the conceptual soundness of the models and framework, including developmental supporting evidence
- a review of the ongoing monitoring procedures, including verification of processes and benchmarking
- a review of the parameters and assumptions made in the development of its models, their methodologies and the framework
- a review of the adequacy and appropriateness of the models, their methodologies and framework adopted in respect of the type of contracts they apply to
- a review of the appropriateness of its stress testing scenarios and
- an analysis of the outcomes of testing results

Changes to the ATHEXCLEAR risk management framework are vetted through the ATHEXCLEAR governance process, which includes the ATHEXCLEAR Risk Committee, the ATHEXCLEAR Board and applicable regulators, as discussed under Principle 2.

2.5 Principle 5 - Collateral

Principle 5: Collateral

An FMI that requires collateral to manage its or its participants' credit exposure should accept collateral with low credit, liquidity, and market risks. An FMI should also set and enforce appropriately conservative haircuts and concentration limits.

ATHEXCLEAR sets out eligibility criteria for non-cash collaterals that have with low credit, high liquidity and limited market risks to manage its Clearing Members' credit exposure. ATHEXCLEAR requires and enforces conservative haircuts and concentration limits in compliance with EMIR.

Acceptable collaterals are:

- i) cash in EUR (minimum cash ratio is 40% per clearing portfolio).
- ii) ATHEX-listed stocks with an average daily traded value greater than a limit set and published by ATHEXCLEAR, that are underlying securities in ATHEX's Derivatives Market Futures or belong to the FTSE / ATHEX-LARGE CAP or FTSE/ATHEX MID CAP indices except for the stocks issued by "HELLENIC EXCHANGES - ATHENS STOCK EXCHANGES S.A. HOLDING" that is not eligible.
 - In case of transfer of a security to another index as provided for in the ATHEX Regulation, the transferred security concerned shall cease to be accepted as Collateral
 - In the event of interruption in trading of Futures on the ATHEX as provided for in the ATHEX Regulation, the underlying security concerned shall cease to be accepted as Collateral
- iii) ATHEX-listed units that fall under Exchange Traded Funds (ETF Units) with an average daily traded value greater than a limit set and published by ATHEXCLEAR. This applies solely to positions on products settled in Euros
 - In case of transfer to another category as provided for in the ATHEX Regulation, the transferred security concerned shall cease to be accepted as collateral

Strict concentration limits apply that further ensure the liquidation of collaterals even in stressed periods. Concentration Limit values are determined by ATHEXCLEAR and published on its website:

- i) For stocks and ETFs that are accepted as Collateral, a maximum amount, which is valued to cover the Margin requirement per Clearing Account
- ii) For the purpose of testing the adequacy of the Collateral after the finalization of positions, a percentage of margin requirements per Clearing Account is set which will be covered with cash on a daily basis
- iii) The percentage of the collaterals (haircut values) issued by a banking group over the total collaterals (haircut values) of ATHEXCLEAR is calculated on a daily basis. When this coverage rate exceeds 10%, the Collateral in question shall no longer be deemed acceptable. Collaterals that are committed before implementation of the measure shall continue to be valued, whereas in cases where a large amount of specific Collaterals are provided that do not meet the Margin requirement, ATHEXCLEAR may impose their release, setting the relevant time frame for it.

All the parameters regarding Collaterals, including the list of the eligible collaterals can be found in ATHEXCLEAR website: <http://www.athexgroup.gr/clearing-risk-management>

2.6 Principle 6 - Margin

Principle 6: Margin

A Clearing Member should cover its credit exposures to its participants for all products through an effective margin system that is risk-based and regularly reviewed.

ATHEXCLEAR covers its credit exposure to its Clearing members for all products through an effective margin system that is risk-based and is regularly validated.

The risk model for estimating single instrument risk parameters for all financial instrument across markets as well as for collateral haircut parameters is a hybrid VaR model (FHS & a HVaR model for APC purposes).

The values of the model parameters taken into account when calculating the risk management- and haircut parameters are the following:

- Level of Confidence: 99.2% for derivatives on energy and 99.0% for all the other financial products
- Risk Horizon: 2-4 days
- Smoothing parameter (λ): 0.99
- Look-back period (time window) for the calculation of the current volatility: twelve (12) months
- Look-back period (time window) for the calculation of the historical volatility under stress market conditions: three (3) months from the last five (5) years
- Corresponding market indices belonging to a correlation group: FTSE/ATHEX Large Cap Index (equity asset class); Baseload and Peakload Index of the underlying electricity day ahead market
- Minimum number of business days during the last twelve (12) months that a security shall have non zero (0) trading volume: 125
- Time period of replenishment of observations: 12 months
- Determination of correlation groups:
 - o For the Securities Market, the correlation of the products is calculated via or with the corresponding market index.
 - o For the Derivatives Market, a correlation between different underlying of series is estimated while for derivative on energy between different series.

The correlation between different correlation groups is calculated in the same way.

Margin requirements for the Securities Market:

In order to account for portfolio correlations, the single risk parameter splits in a general and a specific risk component, where the general market term simulates margin offsets due to correlations among securities. The margin component consists of 3 parts: General Market Risk, Specific Risk (Initial Margin) and Mark to Market, used to revalue open positions at the most recent prices.

The General Risk Factor applies to all securities belonging to a correlation group, where a significant and stable correlation among them exists. A margin offsetting effect is simulated only for positive correlated securities with an opposite position sign.

The Specific Risk factor is assigned to each security, modeling any price changes that are attributed to the idiosyncratic price behavior of every particular security. If a security is not sufficient correlated, i.e.. does not belong to a correlation group, the specific risk component is set at the level of the single instrument risk parameter derived from the risk methodology.

Margin requirements for the Derivatives Market:

In order to account for portfolio correlations, a RI.VA. SPAN like model is in use. The margin is calculated as to cover the potential loss resulting from the total open position of the clearing account under the worst possible scenario. Based on correlations a margin offsetting takes place among contracts within the same correlation group.

The calculation model takes into account the characteristics of individual products, such as:

- the non-linearity of the valuation
- the dependence of their price from volatility
- the dependence of their price on the time to maturity
- the change in their value over time

The maximum portfolio margin offset is limited to a 80% decrease, according to EMIR requirements.

Portfolio back-testing and thorough analysis of B/T outliers is performed on a daily basis while on a monthly, quarterly and annual basis an evaluation of model performance and assumptions and soundness takes place (annual independent validation, single instrument B/T, performance of statistical acceptance tests, sensitivity analysis, etc.).

Methodology for ensuring the stability of margin requirements that limit pro-cyclicality

A 25% weight in returns from a period of stress [Art. 28 (b)] included in the look-back period applies to limits pro-cyclicality of margin parameters by building up a margin buffer, which limits potential need for a sudden increase of margin parameters when volatility spikes.

2.7 Principle 7 – Liquidity Risk

Principle 7: Liquidity risk

An FMI should effectively measure, monitor, and manage its liquidity risk. An FMI should maintain sufficient liquid resources in all relevant currencies to effect same-day and, where appropriate, intraday and multiday settlement of payment obligations with a high degree of confidence under a wide range of potential stress scenarios that should include, but not be limited to, the default of the participant and its affiliates that would generate the largest aggregate liquidity obligation for the FMI in extreme but plausible market conditions.

The aim is to maintain a sufficient level of liquidity so as to ensure fulfilment of same-day and, where appropriate, intraday settlement of payment obligations in all relevant currencies, under a default scenario (cover 2 group) and under extreme but plausible market conditions. When assessing the level of liquidity requirements, both the operational liquidity requirements and those arising from the default of the two largest CM groups with the largest exposure to liquidity risk are taken into account.

The available liquidity sources for each clearing separately (securities, derivatives) service consists of:

- cash collaterals deposited by all CMs (based on the "right of use" clause according to our rulebooks),
- cash from the DF shares.

While own liquid resources serve both markets.

The available liquidity of ATHEXClear is examined for each market separately (Securities, Derivatives) according to the criteria laid down by EMIR Regulation (EU 648/2012). ATHEXClear examines on a daily basis separately for each clearing system and under extreme but plausible market conditions, whether it has sufficient liquid resources to cover the liquidity needs arising from the default of the two (2) groups of associated CMs against which it has the highest liquidity needs when closing out their positions (Cover 2).

ATHEXCLEAR implements a Liquidity Risk Management Policy which describes the liquidity plan, methodology for the identification, quantitative assessment and monitoring of liquidity risk and the calculation of the required liquid resources.

ATHEXCLEAR has in place procedures and instruments to daily manage and monitor its liquidity needs under normal and stress conditions, taking into account the default of the two member groups with the largest exposures.

Liquidity requirements include:

- a) Requirements relating to the activity of ATHEXCLEAR as Clearing Member in the derivatives market and the securities market.
 1. Such requirements are divided into requirements under normal conditions and requirements under conditions of clearing member(s) default. Possible needs for liquidity resulting from the activities of ATHEXCLEAR as Clearing Member for:
 - daily settlement on derivatives market
 - the obligation linked to the settlement of trades on the securities market
 - The obligation associated with physical delivery in the Greek derivatives market.
 2. Under normal conditions, there is no need, neither for the derivatives market nor for the securities market, for liquidity for the purpose of performing daily settlement (cases 1 and 2 above). ATHEXCLEAR first receives from the member the required amounts and pays them to members that are entitled to receive them, without having to use its own funds.
 3. However, due to physical delivery in the derivatives market, there liquidity requirements appear even under normal conditions. For such cases ATHEXCLEAR follows DvP procedure using ATHEXCLEAR account for settling the transaction (first receiving and then delivering securities). Therefore, temporary financing

of the transaction is required. The minimum liquidity requirement for physical delivery under normal conditions is equal to the value of the largest physical delivery order.

4. The liquidity required in the event of the default of a CM is calculated on a daily basis. As part of the program of stress tests, a daily liquidity stress test is performed under predefined scenarios that incorporate historical as well as hypothetical extreme but plausible market conditions. As part of such testing, account is taken of an additional liquidity requirement that may arise from the default of all CM belonging to the same group of companies. No account is taken of the case of a transfer of an account to another Member, which would reduce the overall exposure. Where a client, who is the beneficiary of a segregated clearing account, fails to perform an obligation, the potential liquidity requirement resulting from such failure to perform by one or more CMs is also considered.

b) Requirements under other ATHEXCLEAR financing activities.

1. Such activities include payroll, tax requirements, maintenance costs, etc. The Financial Division of ATHEXCLEAR performs a detailed projection of cash flows that includes the liquidity requirements for the Company's operational needs arising out of the monthly planning cash flows.
In order to manage its liquidity risk, especially in case of a member default, ATHEXCLEAR has a number liquidity sources that enable it to manage and cover this risk:
2. Cash collateral posted by the clearing members. ATHEXCLEAR requires that at least 40% of the collateral of each clearing account must be posted in cash
3. Default Fund which is deposited in cash
4. ATHEXCLEAR own funds in cash
5. Excess cash collateral that is deposited as margin by the Clearing Members and/or their clients.
6. Credit lines can be obtained, considering certain concentration limits , while in Cover 2 simulations the capacity of a CM as liquidity provider is taken into account. Currently no such arrangement is used although there is such a provision in ATHEXCLEAR's Liquidity Framework.

According to our investment policy, own cash resources as well as the pre-funded financial resource in cash of CMs guarantees within Target 2 accounts (Central Bank money). Only a limited amount of up to 500.000 EUR of ATHEXCLEAR funds is deposited with commercial banks for facilitating daily operating needs. Moreover, regarding own cash resources, a amount equal to 2/3 of the difference between the equity capital and the minimum regulatory capital requirements can be deposited with commercial banks, with respect to concentration limits and EMIR provisions.

ATHEXCLEAR does not have Liquidity risk from any other service providers.

2.8 Principle 8 – Settlement Finality

Principle 8: Settlement finality

An FMI should provide clear and certain final settlement, at a minimum by the end of the value date. Where necessary or preferable, an FMI should provide final settlement intraday or in real time.

ATHEXCLEAR as a CCP is responsible for the clearing of transactions. For the purpose of settlement ATHEXCLEAR is forwarding transfer instructions (settlement instructions) to the Hellenic Central Securities Depository, namely ATHEXCSD, also for its clearing members. In the moment ATHEXCSD settled the transaction, ATHEXCLEAR will receive the respective information and ATHEXCLEAR considers the instruction as settled / final. From a legal point of view, the finality of settlement actions and orders under Article 79(3) of Law 3606/2007 shall apply from the completion of the transaction being settled. Detailed information regarding the settlement of transactions can be found in the Clearing Rulebooks.

2.9 Principle 9 – Money Settlements

Principle 9: Money settlements

An FMI should conduct its money settlements in central bank money where practical and available. If central bank money is not used, an FMI should minimize and strictly control the credit and liquidity risk arising from the use of commercial bank money.

ATHEXCLEAR conducts its money settlements in central bank money in EUR through ATHEXCSD Target 2 ancillary system.

As the result of the Clearing Member activity, ATHEXCLEAR settles the cash obligations in Target 2, following a T+1 settlement cycle for derivatives market and T+2 settlement cycle for Securities Market using procedure 6 of Target 2 ancillary system interface.

Securities Market settlement takes place in cycles between 8:00 am and 4:00 pm CET. Derivatives Market settlement take place between 8:30 am and 9:00 am CET.

ATHEXCLEAR guarantees the settlement either by cash settlement (for cash settled products) or Delivery Versus Payment Settlement for physically-settled derivatives products and Securities Market transactions.

2.10 Principle 10 – Physical deliveries

Principle 10: Physical deliveries

An FMI should clearly state its obligations with respect to the delivery of physical instruments or commodities and should identify, monitor, and manage the risks associated with such physical deliveries.

ATHEXCLEAR conducts physical settlement in accordance with its Rules and Regulations after identifying, monitoring and managing risk associated with such physical deliveries through ATHEXCSD.

ATHEXCLEAR guarantees the settlement either by cash settlement (for cash settled products) or Delivery versus Payment (DvP) Settlement for physically-settled derivatives products and Securities Market transactions.

ATHEXCLEAR instructs the ATHEXCSD to conclude settlement for all cleared transactions for which it has calculated monitored and kept the appropriate margin and Default Fund contributions by the Clearing Members.

In Derivatives Market, physical delivery is applicable for listed stock futures, stock options and stock borrowing. Sellers and buyers' obligations regarding underlying securities and cash are clearly defined and communicated through an automated process to the Clearing Members to inform all relevant parties. For all physical deliveries, delivery risk is calculated and included in the required margins with appropriate risk methodology and risk parameters.

2.11 Principle 11 – Central securities depositories

Principle 11: Central securities depositories

A CSD should have appropriate rules and procedures to help ensure the integrity of securities issues and minimize and manage the risks associated with the safekeeping and transfer of securities. A CSD should maintain securities in an immobilized or dematerialized form for their transfer by book entry.

ATHEXCLEAR does not perform the function of a CSD.

All CSD related functions are performed by ATHEXCSD, a separate S.A. company. ATHEXCLEAR does not have any stake in ATHEXCSD. The reverse also applies.

2.12 Principle 12 - Exchange-of-value settlement systems

Principle 12: Exchange-of-value settlement systems

If an FMI settles transactions that involve the settlement of two linked obligations (for example, securities or foreign exchange transactions), it should eliminate principal risk by conditioning the final settlement of one obligation upon the final settlement of the other.

All payments conducted by ATHEXCLEAR do not involve two linked obligations. The DvP method is always employed.

2.13 Principle 13 - Participant-default rules and procedures

Principle 13: Participant-default rules and procedures

An FMI should have effective and clearly defined rules and procedures to manage a participant default. These rules and procedures should be designed to ensure that the FMI can take timely action to contain losses and liquidity pressures and continue to meet its obligations.

ATHEXCLEAR has effective and clearly defined rules and procedures (DMP) designed to manage a Clearing Member default. ATHEXCLEAR's rules and procedures are designed to ensure that it can take timely action to contain losses and liquidity pressures and continue to meet its obligations.

The rulebooks define the circumstances for declaration of a Clearing Member default, including a Clearing Member's failure to meet payment obligations to ATHEXCLEAR and its rules and procedures provide for the management of such a default. As each financial emergency or default is unique, the rules and procedures provide ATHEXCLEAR with a certain level of authority and flexibility in how to best implement the default procedures.

The execution of the DMP is supported by systems, where appropriate orders representing close-out trades are created and transferred to the execution agent instantly and automatically upon decision of the Default Management and Crisis Committee. Sufficient time is given to clients of defaulted CMs to port portfolios.

ATHEXCLEAR has set up and operates two different Default Funds for the two Markets (Securities and Derivatives), however, the calculation procedure is similar (see also Principle 6).

Regarding the management of a default situation

- SECTION IV of ATHEXCLEAR Rulebook for Clearing Derivatives Transactions (RCDT) and
- SECTION IV of ATHEXCLEAR Rulebook for Clearing Transactions in Book-Entry Securities (RCTBES)

establish the procedures that shall be followed in case of default of a Clearing Member.

In case of Clearing Member's default, Risk Crisis Management Committee is responsible to manage the default and keep all the relevant authorities, market operator, and the Clearing Members informed.

Generic actions include:

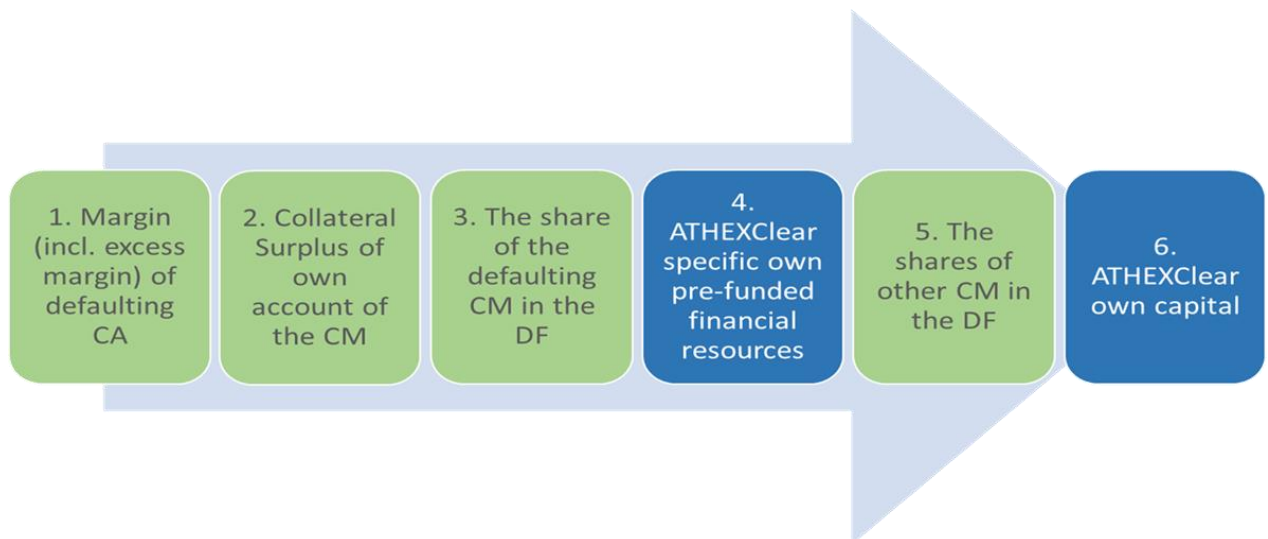
- a) declaring a Clearing Member in default
- b) communicating the default (NCA, etc.)
- c) activating the relevant Trading Member that will support the close-out of the position
- d) conducting hedging and portfolio liquidation

The Rulebooks in Section IV details:

- the causes of default (par. 1.1.)
- the management of the default (Part 2) and specifically
- ATHEXCLEAR rights (par 2.2)
- the coverage transactions that shall be made by ATHEXCLEAR (par. 2.3)
- the option for close-out netting against the defaulting member (par. 2.4)
- the loss calculation and coverage method (par. 2.5)
- the use of collaterals (par. 2.6) and
- the transfer or closing procedure of segregated client accounts pursuant to Article 48 of Regulation (EU) No 648/2012 (par. 2.7)

ATHEXCLEAR shall cover loss per Clearing Account as follows (**Default waterfall**):

- a) The loss results in relation to the defaulting Clearing Account shall be covered by collateral provided in favor of ATHEXCLEAR for the relevant Clearing Account
- b) If the default regards a Clients Clearing Account or a Client Clearing Account and the collateral of the relevant Clearing Account does not suffice to cover the loss under (a), ATHEXCLEAR shall use any remaining collateral of the Own Clearing Account after closing the position of the Own Clearing Account
- c) If the collateral under (a) and (b) are insufficient, ATHEXCLEAR shall for the purposes of covering the remaining portion of the loss, use the contribution of the defaulting Clearing Member to the Default Fund
- d) If the contribution under (c) is insufficient, ATHEXCLEAR shall for the purpose of covering the remaining portion of the loss, use its Dedicated Own Funds (Skin in the Game)
- e) If the Dedicated ATHEXCLEAR Own Funds under (d) are not sufficient, the remaining portion of the loss shall be covered by the Contributions of other members in the Default Fund pro rata the percentage of participation in Default Fund prior to its activation for the coverage of the particular loss;
- f) Any portion of the loss remaining under (e) above shall be covered by other financial resources of ATHEXCLEAR.



The above default waterfall is under revision; a recovery plan, in accordance with Regulation (EU) 2021/23 (RRR), has been already submitted to the regulatory authorities for approval, where default & non default scenarios that could threaten the solvency of the CCP or prevent it from being able to provide its critical operations and services are addressed, while mitigating actions are described in detail.

2.14 Principle 14 - Segregation and portability

Principle 14: Segregation and portability

A Clearing Member should have rules and procedures that enable the segregation and portability of positions of a participant's customers and the collateral provided to the Clearing Member with respect to those positions.

ATHEXCLEAR maintains rules and procedures that enable the segregation and portability of positions of a Clearing Member's customers and the collateral provided to ATHEXCLEAR with respect to those positions.

ATHEXCLEAR publicly discloses the levels of protection and the costs that are connected to the different levels of segregation which it provides for clearing purposes per System as provided for under Article 39(7) of Regulation (EU) No 648/2012 and in particular in accordance with the provisions of the Rulebook of System operation "Rulebook for Clearing of Transactions in Transferable Securities in Book Entry Form" and the Rulebook of System operation "Rulebook for Clearing of Transactions in Derivatives". (<http://www.athexgroup.gr/regulated-publication>)

Clearing is performed by ATHEXLEAR through Clearing Accounts. The Clearing Accounts are opened by ATHEXCLEAR following an application of the Clearing Member and on the condition that all documentation required under the provisions of Rulebook are submitted to ATHEXCLEAR. The following Clearing Accounts shall be held by each Clearing Member in each case for the purpose of complying with Article 39(7) of Regulation (EU) No 648/2012:

1) Own Clearing Account

The account is held by a Clearing Member in their name in ATHEXCLEAR to clear their own transactions in accordance with the terms of the Regulations. Pursuant to Article 39 of Regulation (EU) No 648/2012 an Own Clearing Account shall be kept for the purpose of segregating the assets and positions held by the Clearing Member in their own name and for their own account.

2) Clients Clearing Account

- I. **Direct Clients Clearing Account:** The account held by a Clearing Member in ATHEXCLEAR for and on behalf of their clients to clear the transactions of such clients in accordance with the terms of the Rulebooks. Pursuant to Article 39(2) of Regulation (EU) No 648/2012 a Clients Clearing Account shall be kept for the purpose of keeping segregated in a commingled manner the assets and positions of the clients of the Clearing Member (omnibus client segregation).
- II. **Indirect Clients Clearing Account:** This is the account kept by a Clearing Member at ATHEXClear for clearing the transactions of the clients of its Clients (indirect clients), where Clients are investment firms or credit institutions, in accordance with Commission Delegated Regulation (EU) 2017/2154. The Indirect Clients Clearing Account is kept pursuant to paragraph 2, article 39 of Regulation (EU) No 648/2012 and the specific provisions of Commission Delegated Regulation (EU) 2017/2154 to enable the Clearing Member to collectively distinguish the assets and positions of the clients of its Clients (omnibus indirect client segregation).

In the case of Direct Clients Clearing Accounts and Indirect Clients Clearing Accounts, margin is calculated either on the netted position at Clearing Account Basis (Net) or on the gross position of the Clearing Account (Gross) following a relevant declaration by the Clearing Member in accordance with the procedures of ATHEXClear, within a limited time window after notification of the client.

3) Client Clearing Account

The account is held by a Clearing Member, in the name of a Client, in ATHEXCLEAR to clear their Client's transactions in accordance with the terms hereof. Pursuant to Article 39(3) of Regulation (EU) No 648/2012 a

Client Clearing Account shall be kept for the purpose of segregating the assets and positions per such Client (individual client segregation).

Clearing is performed by ATHEXCLEAR per Clearing Account. The risk and the obligations related to the provision of collateral in discharge of Margin requirements of ATHEXCLEAR, including the credit limit provision, are calculated per Clearing Account. The collaterals in any kind that are provided in relation to a Clearing Account are kept in a segregated manner in accordance with the records of ATHEXCLEAR and are used exclusively and solely in discharge of the obligations related to the relevant Clearing Account. By exception and in accordance with the terms of the Rulebooks, ATHEXCLEAR may use the collateral of the Own Clearing Account of the Clearing Member to cover a loss resulting from a Clients Clearing Account or a Client Clearing Account on the condition that such collateral is in excess of ATHEXCLEAR's requirements related to the Own Clearing Account of that Clearing Member. Without prejudice to the provisions of the previous point, a potential loss that may occur as a result of a default is debiting only the relevant Clearing Account and the collaterals provided in relation to it. In this respect, all other Clearing Accounts of the Clearing Member, including the collaterals provided in relation to them, are not affected from the default and the relevant loss.

According to ATHEXCLEAR Rulebook (Section IV, Par. 2.7), ATHEXCLEAR may substitute a Clearing Member by another Clearing Member, in terms of the responsibility for the management of the Clientele Clearing Accounts or the Client Clearing Accounts of the defaulting Clearing Member, including the transfer of the respective collateral, pursuant to Article 48 of Regulation (EU) No 648/2012, in accordance with the specific terms below.

Substitute Clearing Member shall be deemed to be any such Clearing Member who shall undertake the obligations of the respective Clearing Account if it has entered into a contractual agreement as follows: for the Clients Clearing Account, with clients of the defaulting Clearing Member and, for the Client Clearing Account, with the Client. Such agreement must have been stated to ATHEXCLEAR pursuant to such procedures as have been established by the latter not later than on the same day of the default by such time limit as ATHEXCLEAR has set for that purpose. Where ATHEXCLEAR has not promptly received such declaration, it shall proceed to close the positions of the defaulting Clearing Member and, in general, to exercise its rights against such member to handle the default without implementing the substitution terms.

The above set of clearing accounts and ATHEXCLEAR's clearing arrangements are fully in line with respect to the legal framework as specified by EMIR regarding the segregation and portability of client positions and assets (collateral) in the event of a Clearing Member's default.

2.15 Principle 15 - General business risk

Principle 15: General business risk

An FMI should identify, monitor, and manage its general business risk and hold sufficient liquid net assets funded by equity to cover potential general business losses so that it can continue operations and services as a going concern if those losses materialize. Further, liquid net assets should at all times be sufficient to ensure a recovery or orderly wind-down of critical operations and services.

ATHEXCLEAR identifies, monitors and manages its general business risks and holds sufficient liquid net assets, funded by its equity, to cover general business losses so that it can continue operations and services as a going concern in the unlikely case that such losses materialize. Furthermore, these liquid net assets are at all times sufficient to ensure a recovery or orderly wind-down of critical operations and services.

ATHEXCLEAR calculates its' capital requirements according to Regulation (EU) No 575/2013 (CRR) & EMIR Requirements – (EU) No 152/2013, with regards to credit risk, counterparty risk, market risk, termination risk, operational risk and business risk.

The capital charge for Business Risk is a 25% fraction of its annual gross operating expenses of the most recent audited information from their annual financial statement.

Business risk is the risk of lower than anticipated profits due to wrong business decisions or strategies regarding IT systems, technology, products, and services; other external factors such as swings in turnover, input costs, competition and overall economic climate are of key importance. Generally, it's the ability and efficiency of the management in adapting to potential changes in general business conditions, especially in a Euro-wide uniform CCP environment. Technological evolution in the industry at European level as well as further integration and liberalization of the European Capital Markets could challenge the current business model. Country risk contributes to a large extent to the realization of BR.

In order to control Business Risk which is considered as essential for the viability of the CCP, among others two committees play a crucial role on defining the risk strategy and reduce business risk:

Strategic Planning Committee

The Strategic Planning Committee functions as a committee of the parent company, which is made up of members of the Board of Directors of ATHEX, including the Chairman of the Board of Directors of ATHEX and the CEO. The Committee supports the executive members of the Board of Directors in the formulation, development and implementation of the Group's strategic options, supports the Board of Directors in making decisions on all issues related to the Group's strategy, including the CCP and regularly supervises the implementation of the strategy by its Management Group. The duties, responsibilities and composition of the committee are detailed in the internal operating regulations of the parent company and in its Operating Regulations.

IT Advisory Committee

The IT Advisory Committee supports the Board of Directors, the CEO and the Strategic Planning Committee by providing guidance and advice on key IT issues in the areas of communications and information technology to modernize the Group's IT infrastructure and accelerate the development of new digital services by adopting new technologies taking into account market demands and technological developments.

2.16 Principle 16 - Custody and investment risks

Principle 16: Custody and investment risks

An FMI should safeguard its own and its participants' assets and minimize the risk of loss on and delay in access to these assets. An FMI's investments should be in instruments with minimal credit, market, and liquidity risks.

ATHEXCLEAR safeguards both its own and its Clearing Members' assets to minimize the risk of loss on and delay in access to these assets. Investments are made in instruments with minimal credit, market and liquidity risks.

The investment policy is approved by the Board of Directors, taking into account the provisions of Regulation (EU) no. 648/12 and 153/13.

ATHEXCLEAR investment policy applies to the investments of the following funds:

- ATHEXClear own funds
- Cash of the Default Funds of both the Derivatives Market and the Securities Market, as well as members' guarantees

ATHEXCLEAR deposits all above financial resource strictly at the Target 2 RTGS account with the Bank of Greece (Central Bank) with the following exceptions:

- amounts needed for the execution of transactions for hedging, coverage of obligations, or closing position during a member default.
- placing of our own resources within current accounts at commercial banks, up to 500,000 EUR, for facilitating the CCP's daily operations.
- placing our own resources within current or term deposit accounts at commercial banks, up to 2/3 of the difference between total regulatory capital requirements and equity capital.

2.17 Principle 17 – Operational risk

Principle 17: Operational risk

An FMI should identify the plausible sources of operational risk, both internal and external, and mitigate their impact through the use of appropriate systems, policies, procedures, and controls. Systems should be designed to ensure a high degree of security and operational reliability and should have adequate, scalable capacity. Business continuity management should aim for timely recovery of operations and fulfillment of the FMI's obligations, including in the event of a wide-scale or major disruption.

ATHEXCLEAR identifies plausible sources of operational risk, both internal and external, and mitigates their impact through the use of appropriate systems, policies, procedures and controls. ATHEXCLEAR's systems are designed to ensure a high degree of security and operational reliability and have adequate, scalable capacity. ATHEXCLEAR's business continuity management aims for the timely recovery of operations and the fulfillment of ATHEXCLEAR's obligations, including in the event of a wide-scale or major disruption.

The Operational Risk Management Framework of ATHEXCLEAR defines its operational risk appetite, the principles and processes for managing operational risk, as well as the roles and responsibilities assigned. It also analyses the risk identification/assessment, mitigation and monitoring processes. The main axes of the framework are the risk and control self-assessment (RCSA) process, the collection and analysis of losses due to operational risk events, the development of action plans and the creation of key risk indicators (KRI) to monitor the implementation and the progress.

Through the Operational Risk Management Framework, ATHEXCLEAR:

- ensures that operational risks are managed consistently and effectively across all of its activities;
- develops a single 'culture' in matters related to operational risk management at all levels of the organization;
- adopts appropriate methodologies to measure and estimate the level of the Company's exposure to operational risk;
- constantly complies with the regulatory framework.

The Framework is developed by the Risk Management Unit, approved by the BoD (by obtaining previously the opinion of the Risk Committee and is reviewed at least annually.

The key players in the management of operational risk are:

- ATHEXCLEAR Board of Directors
- Risk Committee
- Risk Management Unit
- Operational Risk Manager
- ATHEXCLEAR operational units (main risk owners)
- Operational risk contacts (liaisons)
- Supporting Units (IT, Human Resources, Financial Management, Regulatory Compliance, Legal Services, etc.)
- Internal Audit

ATHEXCLEAR has developed an appropriate organizational structure with clear roles and responsibilities in operational risk management for all stakeholders, as described in paragraph 1.1 above.

ATHEXCLEAR has established formal controls for all internal procedures covering all functions performed. All clearing and settlement procedures are fully automated.

ATHEXCLEAR reviews, monitors and tests the information security systems regularly. In addition, the IT team tests relevant systems to ensure reliability and adequate scalable capacity, while external auditors run IT audit and system penetration tests.

ATHEXCLEAR has a comprehensive business continuity and disaster recovery plan that supports the continued performance of all critical functions in the event that ATHEXCLEAR's primary data center are unavailable due to significant interruption.

There is a formal business continuity and recovery plan in place, tested in ordinary periods during the year. The business continuity/disaster recovery plan has as objectives to:

- ensure continuity and recovery of critical functions through its secondary/disaster recovery facility
- minimize the disruption to clients and business partners
- protect the firm's books and records
- reduce the number and frequency of ad hoc decisions following a significant business interruption
- educate employees about contingency plans and roles and responsibilities in executing the plans and
- comply with all regulatory requirements

ATHEXCLEAR has detailed Business Continuity Procedures, has a Disaster Recovery (DR) site with the capability to host adequate personnel to perform key operations for the period required to recover the main building and data centers from a disastrous event. Testing activities are taking place to ensure that all systems in the DR site and Business Continuity Procedures are operating smoothly. ATHEXCLEAR, along with the whole of the ATHEXGroup, performs annually a BC test, including the use of the DR site, with full users' participation. ATHEXCLEAR has its Business Continuity Management System accredited with ISO22301:2019 for the offered products and services.

Recovery Point Objective (RPO) is close to zero and Recovery Time Objective (RTO) is 2 hours regarding critical functions of ATHEXClear.

With respect to critical functions, ATHEXClear has established a recovery strategy which at a high level can be summarized as follows:

- Continuous replication of the data from the Primary to the DR site
- Virtual Infrastructure that allows for automatic recovery from primary to DR site
- High speed, fault tolerant telecommunication lines (multiple of 1Gbps) from different vendors to connect Primary and DR site
- Remote Administration (Remote Hands) of the DR site from a third site of ATHEXGroup in Thessalonica (which is about 600Km away from our main premises), in order to eliminate the recovery time of DR site below two (2) hours in total.

Apart of the business continuity and disaster recovery plan, other measures taken in order to mitigate operational risk are:

- the set-up of insurance arrangements (conclusion of insurance agreements covering various risks) in order to transfer to insurance companies, the risk that ATHEXCLEAR does not wish to bear and
- the establishment of compliance function having the task of protecting ATHEXCLEAR against regulatory and legal risk

2.18 Principle 18 - Access and participation requirements

Principle 18: Access and participation requirements

An FMI should have objective, risk-based, and publicly disclosed criteria for participation, which permit fair and open access.

ATHEXCLEAR has in place objective, risk-based and publicly disclosed criteria for participation, which permits fair and open access.

The membership requirements of ATHEXCLEAR are publicly disclosed in its Rulebooks and BoD Resolutions and are designed to permit fair and open access, while protecting ATHEXCLEAR and its Clearing Members. The membership requirements are the same for all applicants and include fitness criteria, financial standards, operational standards and appropriate registration qualifications and professional certifications with applicable regulatory authorities. ATHEXCLEAR conducts on-going monitoring of Clearing Members to ensure that they meet the required criteria, as well as the Annual Compliance Review that checks in depth the operational and compliance capacity of the ATHEXCLEAR Members.

According to ATHEXCLEAR Rulebook for Clearing Derivatives Transactions and ATHEXCLEAR Rulebook for Clearing Transactions in Book-Entry Securities, Clearing Members can be either *Direct Clearing Members* or *General Clearing Members*. Direct Clearing Members shall mean those Clearing Members who are entitled to clear only the transactions that they themselves complete as Market Members. Direct Clearing Members shall not be entitled to undertake clearing transactions completed by other Market Members. General Clearing Members shall mean those Clearing Members who are entitled to clear transactions completed by other Market Members.

Market Members that do not have Clearing Member capacity (Non-Clearing Members) shall not be entitled to participate in the clearing of transactions. Each Non-Clearing Member shall, for the clearing of the transactions it completes, have appointed at least one General Clearing Member.

An applicant for clearing membership, at the time of admission and on an ongoing basis:

- Must be a credit institution or an undertaking providing investment services as defined in Law 4514/2018 and Directive 2014/65/EC of the European Parliament and the Council
- Must act having their registered seat or establishment (branch) in Greece or acting remotely
- Must meet the requirements pertaining to its operation pursuant to its governing law, the stipulations that are applicable to it and to ATHEXCLEAR Rulebook and BoD Resolutions (publicly available on the ATHEXGROUP website)
- Must hold a permit for the safekeeping and administration of financial instruments for the account of clients as defined in Law 4514/2018 and Directive 2014/65/EC
- To obtain Direct Clearing Member capacity, the candidate must have previously obtained the Market Member capacity under the rules governing the functioning of the relevant Market
- Clearing members that clear transactions on behalf of their clients shall have the necessary additional financial resources and operational capacity to perform this activity. In this context, they must gather from their clients all relevant basic information provided to them in relation to clearing operations hereunder to identify, monitor and manage relevant concentrations of risk relating to the provision of services to clients

2.19 Principle 19 - Tiered participation arrangements

Principle 19: Tiered participation arrangements

An FMI should identify, monitor, and manage the material risks to the FMI arising from tiered participation arrangements.

ATHEXCLEAR does not have tiered participation arrangements.

ATHEXCLEAR has legally binding agreements with its Clearing Members. However, it does not enter into legal agreements with Clearing Members' underlying clients.

Although ATHEXCLEAR does not have a legal relationship with the underlying clients of a Clearing Member, ATHEXCLEAR collects and maintains certain underlying client information and data that is required to conduct its risk management processes and to provide for segregation under the EMIR provisions.

2.20 Principle 20 – FMI links

Principle 20: FMI links

An FMI that establishes a link with one or more FMIs should identify, monitor, and manage link-related risks.

ATHEXCLEAR maintains link with ATHEXCSD in order to settle security transactions and fulfil subsequent related services, both for DvP and FoP transactions. ATHEXCLEAR performs risk assessment of ATHEXCSD, regarding documented risks related to the non-operation of ATHEXCSD systems and to the unit/cash settlement procedures.

With regards to the settlement instructions for physical delivery and cash settlement, in case there are issues with the Ancillary System of ATHEXCSD in Target, the contingency plan of Bank of Greece is activated.

In case the Securities Settlement System (Dematerialized Securities System “DSS”) of ATHEXCSD is not available, the Disaster Recovery Plan of ATHEXCSD is activated and all functions and processes are restored according to the respective regulatory framework.

2.21 Principle 21 – Efficiency and effectiveness

Principle 21: Efficiency and effectiveness

An FMI should be efficient and effective in meeting the requirements of its participants and the markets it serves.

ATHEXCLEAR is efficient and effective in meeting the requirements of its participants and the markets it serves.

ATHEXCLEAR is specifically designed to meet the needs of its Clearing Members and their clients.

ATHEXCLEAR, through its Member Support Department, provides full support and adequate training to its participants.

Its governance structure also provides for receiving feedback from stakeholders.

Risk Committee, and the ad hoc Rulebook Amendment Committee consist of members that represent market stakeholders.

ATHEXCLEAR values and incorporates input from market participants related to its clearing and settlement and risk management services and continuously improves its systems, operations and workflows.

2.22 Principle 22 - Communication procedures and standards

Principle 22: Communication procedures and standards

An FMI should use, or at a minimum accommodate, relevant internationally accepted communication procedures and standards in order to facilitate efficient payment, clearing, settlement, and recording.

ATHEXCLEAR uses relevant internationally accepted communication procedures and standards in order to facilitate efficient payment, clearing, settlement and recording.

The Dematerialized Securities System (DSS) is the core IT System for clearing settlement and risk management. DSS access comprises both Man-Machine and Machine-to-Machine interfaces.

Client Institutions such as Trading, Clearing Members and Custodians, either local or remote, are granted access to the full set of relevant services over a private network, by means of a rich-client GUI application, namely the DSS client application, which is installed locally on the customers' premises. A subset of these services, mainly related to ATHEX's Registry, Settlement and Derivatives Clearing functions, is also made available over the same network, via the DSS API interface. The DSS API interface is a communication scheme, supported by a dedicated hardware/software platform, the ATHEX Gateway, which, in turn, is hosted either on the customer's premises or on ATHEX IT infrastructure. This platform implements a number of standard and proprietary communication protocols, thus providing an end-to-end communication bridge between the DSS and back-office applications, running on the customer premises.

Apart from the above interfaces, the DSS is constantly connected to the SWIFT network via a SWIFT-acquired certified infrastructure and utilizes, on a daily basis, FIN (ISO-15022) and Target-2 XML messages, the former being exchanged with other institutions (providing ATHEX with cross-border settlement and custody services), the latter being exchanged with the ECB for cash-settlement purposes. The message communication with both the ECB and the majority of the aforementioned service providers is backed up (or alternatively substituted whenever preferable) by additional thick or thin client GUI applications, provided by these institutions, directly accessible from ATHEX's premises.

Finally, information exchange between the DSS and its participants is also realized by means of existing or ad-hoc FTP and SFTP infrastructures and services in both incoming and outgoing directions. The communication and security characteristics of these services are tailored according to the specific business needs between each participant or group of participants and ATHEX. Usage of such infrastructures currently spans the Derivatives Clearing function, the DSS application updating services and testing and debugging sessions, run in common with the participants.

2.23 Principle 23 - Disclosure of rules, key procedures, and market data

Principle 23: Disclosure of rules, key procedures, and market data

An FMI should have clear and comprehensive rules and procedures and should provide sufficient information to enable participants to have an accurate understanding of the risks, fees, and other material costs they incur by participating in the FMI. All relevant rules and key procedures should be publicly disclosed.

ATHEXCLEAR has clear and comprehensive rules and procedures that provide sufficient information to enable Clearing Members to have an accurate understanding of the risks, fees and other material costs they incur by participating in ATHEXCLEAR. All rules and procedures are available to Clearing Members and are publicly disclosed on the ATHEXCLEAR [website](#). Moreover, risk management methodologies are disclosed here:

<https://www.athexgroup.gr/web/guest/clearing-risk-management>

ATHEXCLEAR publishes on a quarterly basis the Report on PFMI and Public Quantitative Data here:

[athexgroup.gr/Stocks/ATHEXCLEAR Disclosure](http://athexgroup.gr/Stocks/ATHEXCLEAR_Disclosure)

ATHEXCLEAR's Rulebooks clearly and comprehensively:

- describe Clearing Members' rights, obligations and risks
- describe the operation of ATHEXCLEAR under routine and non-routine (e.g., Clearing Member default) conditions

In addition, ATHEXCLEAR provides to both the Clearing Members and the public (through publication in its website) of athexgroup.gr/Operations/Regulatory/Resolutions/ATHEXCLEAR, regarding policies and procedures that provide further detail regarding ATHEXCLEAR's :

- Risk management procedures
- Margins and collaterals
- Fees and other material costs
- Clearing operations
- Technical operation details and time schedules of all operations

ATHEXCLEAR has a robust governance process for any changes to the ATHEXCLEAR Rules, inclusive of consultation with stakeholders, public disclosure of all proposed changes and early notification of material changes.

ATHEXCLEAR offers support on a daily basis through its dedicated Members Support department. ATHEXCLEAR also offers support and training to address any lack of understanding of the ATHEXCLEAR Rules or procedures by any Clearing Member.

ATHEXCLEAR has completed this Disclosure Framework and will update it following material changes at ATHEXCLEAR.

Fees are published on ATHEXCLEAR website: <http://www.athexgroup.gr/helex-price-policy>