

Warsaw, 16 July 2019

TGE has reviewed the Maker-Taker Programme

Dear Members/Ladies and Gentlemen,

On 1 January 2019, Towarowa Giełda Energii (TGE) launched a pilot "Maker-Taker" programme with the key objective of trading liquidity improvement through narrowing the price spreads between the best buy and sell offers for a given market instrument. The competition model applied to orders was intended to increase their concentration and market depth for individual instruments traded on the Commodity Forward Instruments Market for electricity.

The "Maker-Taker" Program was a pilot program implemented from January till June, and the Management Board's decision as to its continuation or termination was to be announced by 16 July 2019.

In accordance with the assumptions adopted in the Rules, TGE has analysed the effectiveness of the mechanism based on the following statistics on trading in the instruments in question:

- trade volume – total and by participant, taking into account the effectiveness of the obligation to sell electricity on the open market;
- share of the volume of transactions concluded in originator's capacity by participant;
- average differences between the best buy and sell orders active on the market for each instrument.

Simultaneously, TGE has evaluated the first months of the new market making model considering that the first market maker acting according in this formula has operated as of 1 April this year. The analysis has shown moderate effectiveness of the "Maker-Taker" Programme, especially for instruments with relatively high liquidity, where the activity of a conventional market maker has more impact.

As a result of the verification of the "Maker-Taker" Programme, the Management Board of TGE decided to continue it from 1 August to 31 December as a supplementary mechanism to support the liquidity improvement program. This means that the "Maker-Taker" Programme will operate in a new formula for 66 series of instruments on the electricity forward market, which, according to the analysis, should be most impacted by the programme. Additionally, the Management Board of TGE has decided to further reduce the transaction fees from 50% to 75% for the originators of transactions acting on their own account. The new formula of the above mechanism will not cover the first two series of BASE_Y and the first series of BASE_W, BASE_M, BASE_Q and PEAK5_Y.

A detailed analysis of the pilot is enclosed to this Communication. The new Rules of the "Maker-Taker" Programme approved by the TGE's Management Board will be available at www.tge.pl.