

SEMOPX MODIFICATION PROPOSAL FORM			
Proposer (Company)	Date of receipt (assigned by Secretariat)	Type of Proposal (delete as appropriate)	Modification Proposal ID (assigned by Secretariat)
SEMOpX	18 th October 2021	Standard	SPX_02_21
Contact Details for Modification Proposal Originator			
Name	Telephone number	Email address	
Nigel Thomson		nigel.Thomson@semopx.com	
Modification Proposal Title			
Exchange Rate for the SEMOpX Fees			
Documents affected (delete as appropriate)	Section(s) Affected	Version number of SEMOpX Rules or Operating Procedure used in Drafting	
SEMOpX Operating Procedures	Section F.2.1	Version 3.0	
Explanation of Proposed Change (mandatory by originator)			
<p>This modification proposes to update the SEMOpX Operating Procedures to provide transparency as to how the exchange rate for SEMOpX Fees, in Pounds, is derived from the calculated SEMOpX Fees, in Euro.</p> <p>The updates are limited to the SEMOpX Operating Procedures. No updates to the main SEMOpX Rules and Glossary documents are seen as necessary.</p>			
Legal Drafting Change (Clearly show proposed change to SEMOpX Rules (including Appendices and Operating Procedures) using tracked changes, if proposer fails to identify changes, please indicate best estimate of potential changes)			
<p>The following changes highlighted in red are proposed in the SEMOpX Operating Procedures.</p> <p>F.2 PRICING PROCEDURES</p> <p>F.2.1 SEMOpX Statement of Charges</p> <p>F.2.1.1 SEMOpX shall charge fees and charges (called “SEMOpX Fees”) in respect of the operation of the Exchange in accordance with the SEMOpX Statement of Charges.</p> <p>F.2.1.2 SEMOpX Fees published in Pounds will be based on the Euro equivalent SEMOpX Fees, taking account of the exchange rate derived from the average of the SEM Trading Day Exchange Rates from the six months prior to the month in which the SEMOpX Statement of Charges is published.</p> <p>F.2.1.23 SEMOpX shall publish the SEMOpX Statement of Charges.</p> <p>F.2.1.34 SEMOpX may update the SEMOpX Statement of Charges from time to time.</p>			
Modification Proposal Justification (Clearly state the reason for the Modification)			
<p>There is no guidance in the SEMOpX Rules regarding how the exchange rate is derived for the SEMOpX Fees when converting these fees from Euro into Pounds.</p> <p>Historically the exchange rate for the conversion of SEMOpX Euro Fees to Pounds has used the “Annual Capacity</p>			

Payment Exchange Rate". However this was identified recently as not as relevant a source as it was based on estimates made in 2019 for exchange rates over a number of years, whereas the SEMOpx fees need an exchange rate that is relevant for just the next financial year and should be based on more recent fx rates.

Due the historically used exchange rate being considered out of date, the SEMOpx Fees for 2021/2022 were derived using the 6 month historical average of the SEMO Trading Day Exchange Rate.

This mod would formalise the same approach being used for subsequent years and provide more transparency in the calculation of the exchange rate to be used for the SEMOpx Fees each year.

The advantages to the proposed approach are:

- a) It is not reliant on subjective forecasts of future exchange rates
- b) It utilises market relevant exchange rate information i.e. the SEMO Trading Day Exchange Rates
- c) It is relatively simple to determine and implement
- d) The raw data is readily available so is transparent for Exchange Members.

SEMOpx Objective and SEMOpx Principles Furthered

(State the SEMOpx Objective and Principles the Proposal furthers, see Section A.1.2 of the SEMOpx Rules for further details)

The principles of the SEMOpx rules are:

A.1.1.2 *The SEMOpx Objective is supported by the following principles: that the SEMOpx Rules should:*

- (a) enable compliance with the regulatory requirements of the European Union, Ireland and Northern Ireland;*
- (b) promote competitive outcomes through provision of efficient and effective exchange services;*
- (c) conform with regional and European-wide arrangements for Market Coupling;*
- (d) be transparent, not unduly discriminatory, and promote market integrity and confidence;**
- (e) reflect the system design and capabilities and service provider arrangements;*
- (f) provide Exchange Members with opportunities to be consulted on changes to SEMOpx Rules and Procedures; and*
- (g) promote data security, integrity and confidentiality,*
being the "SEMOpx Principles".

This modification proposal furthers the SEMOpx Principle (d) above by ensuring:

- transparency around the way in which SEMOpx Fees are calculated, promoting market confidence

Implication of not implementing the Modification Proposal

(State the possible outcomes should the Modification Proposal not be implemented)

If this modification is not implemented, there will be no consistent and transparent methodology for determining the exchange rate to be used for SEMOpx Fees, which may lead to issues when setting the fees.

Impacts

(Indicate the impacts on systems, resources, processes and/or procedures; also indicate impacts on any other Market Code such as Trading and Settlement Code, Capacity Marker Code, Grid Code, Exchange Rules etc.)

- The SEMOpx Operating Procedure needs to be updated, which will be achieved through this modification. There are no foreseen updates required to the associated SEMOpx Operating Procedures Glossary, SEMOpx Rules or SEMOpx Rules Glossary in this context as the required changes are limited to the SEMOpx Operating Procedures.

Please return this form to Secretariat by email to exchangecommittee@semopx.com

Notes on completing Modification Proposal Form:

1. If a person submits a Modification Proposal on behalf of another person, that person who proposes the material of the change should be identified on the Modification Proposal Form as the Modification Proposal Originator.
2. Any person raising a Modification Proposal shall ensure that their proposal is clear and substantiated with the appropriate detail including the way in which it furthers the SEMOpX Objective and Principles to enable it to be fully considered by the Exchange Committee.
3. Each Modification Proposal will include a draft text of the proposed Modification to the SEMOpX Rules.
4. For the purposes of this Modification Proposal Form, the following terms shall have the following meanings:

Modification Proposal: means the proposal to modify the SEMOpX Rules and / or Operating Procedures as set out in the attached form

Derivative Work: means any text or work which incorporates or contains all or part of the Modification Proposal or any adaptation, abridgement, expansion or other modification of the Modification Proposal

SEMOpX: has the meaning assigned to it in the glossary to the SEMOpX Rules

SEMOpX Rules: means the rules, including the Appendices and Procedures, as amended from time to time or otherwise modified in accordance with those SEMOpX rules.

SEMOpX Exchange Committee or "the Exchange Committee": has the meaning assigned to it in SEMOpX Rules.

Regulatory Authorities: has the meaning assigned to it in the SEMOpX Rules.

In consideration for the right to submit, and have the Modification Proposal assessed in accordance with the SEMOpX Rules and Exchange Committee Procedures which I have read and understand, I agree as follows:

1. I hereby grant a worldwide, perpetual, royalty-free, non-exclusive licence:
 - 1.1 to the SEMOpX and the Regulatory Authorities to publish and/or distribute the Modification Proposal for free and unrestricted access;
 - 1.2 to the Regulatory Authorities, the SEMOpX Exchange Committee and each member of the Exchange Committee to amend, adapt, combine, abridge, expand or otherwise modify the Modification Proposal at their sole discretion for the purpose of developing the Modification Proposal in accordance with the SEMOpX Rules;
 - 1.3 to SEMOpX and the Regulatory Authorities to incorporate the Modification Proposal into the SEMOpX Rules;
 - 1.4 to all Parties to the SEMOpX Rules and the Regulatory Authorities to use, reproduce and distribute the Modification Proposal, whether as part of the SEMOpX Rules or otherwise, for any purpose arising out of or in connection with the SEMOpX Rules.
2. The licences set out in clause 1 shall equally apply to any Derivative Works.
3. I hereby waive in favour of the Parties to the SEMOpX Rules and the Regulatory Authorities any and all moral rights I may have arising out of or in connection with the Modification Proposal or any Derivative Works.
4. I hereby warrant that, except where expressly indicated otherwise, I am the owner of the copyright and any other intellectual property and proprietary rights in the Modification Proposal and, where not the owner, I have the requisite permissions to grant the rights set out in this form.
5. I hereby acknowledge that the Modification Proposal may be not be supported by the Exchange Committee, may be rejected by SEMOpX and / or the Regulatory Authorities and that there is no guarantee that my Modification Proposal will be incorporated into the SEMOpX Rules.