

Non-official translation

From: Hungarian Energy and Public Utility Regulatory Authority

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Subject: Defining the transitional period concerning Brexit

To: Felsmann Balázs chairman

Hungarian Energy Traders' Association

Budapest

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Dear Mr. Chairman,

The Hungarian Energy Traders' Association and the Authority have consulted on multiple occasions in 2019 concerning the effects of the legal situation in case of the United Kingdom leaving the European Union. The United Kingdom's – often postponed – exit from the European Union finally occurred on the 31st of January 2020. There are, however, facts set out in international agreement between the parties, and there are also questions still open, which the concerned parties' intent to resolve this year.

The European Union and the United Kingdom agreed in the withdrawal agreement that the present rules and regulations shall prevail for a so-called "*transitional period*" presumably up to the 31st of December, 2020. Based on the above, in the opinion of the Authority, the limited electricity and natural gas trading licenses of those companies who have their registered seats in the United Kingdom shall remain in effect until the end of the transitional period – presumably the 31st of December, 2020.

It is uncertain for now however, whether the United Kingdom shall remain a member of the European Economic Area (EEA), or concludes a separate agreement with the European Union on this matter. If the United Kingdom remains a member of the EEA, the conditions of licensing shall remain in place concerning the affected commercial licensees, therefore these companies shall not need to take any further steps on this matter.

Where there is a transitional period in effect currently, and, as we have already mentioned, there are still open questions, the Authority is constantly monitoring the events, evaluating them, and should it decide to do so, inform the companies and organizations concerned on the necessary steps to be taken.

Budapest, 2020. May

Regards,

Dr. Grabner Péter
vice-president
(signed)