**PROCEDURE FOR TRADING FUTUREs CONTRACTS WITH THE UNDERLYING NATURAL GAS ON THE MARKET MANAGED BY the company BURSA ROMÂNĂ DE MĂRFURI (ROMANIAN COMMODITIES) S.A.**

**IN FORCE SINCE 16.11.2020**

#### GENERAL PROVISIONS

# Art. 1.

This Procedure establishes the framework for the trade of futures contracts on natural gas as standardized medium and long-term products through an electronic trading platform managed by the company Bursa Română de Mărfuri (Romanian Commodities Exchange) S.A., hereinafter referred to as the “RCE”, as a licensed operator for the management of centralized natural gas markets, under the conditions of using the Central Counterparty services offered by the RCE to guarantee the fulfilment of the financial obligations of the market participants and in accordance with the RCE ***Regulation of clearing, settlement and risk management for futures contracts with the underlying natural gas* as well as its *specific Instructions for application*.**

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**TERMINOLOGY**

**Art. 2.**

1. For the purposes of this procedure, the terms and abbreviations used shall have the following meanings:
2. **Competent Authority –** the Romanian Energy Regulatory Authority (RERA);
3. **Broker** - a natural person working in a business relationship with the economic operator or with a brokerage company, having as main tasks the introduction and maintenance of orders during the trading sessions / auctions and the right to engage the liability of the economic operator it represents in relation to the RCE;
4. **Central Counterparty** – the RCE, that interposes from a financial point of view, between the buyer and the seller, becoming buyer for the seller, and seller for the buyer, with the scope of ensuring the process of the settlement of a transaction concluded within the market, on their behalf.
5. **Framework agreement for the provision of Clearing**/**Counterparty services for medium and long-term products, Annex 2 to the Procedure –** will be represented by the Acceptance agreement of the Compensatory Member. The clauses of the agreement can be changed only after the process of public consultation, according to the regulation of the competent authority;
6. **Participant –** economic operator in the natural gas sector that is an RCE Affiliated Member, signs the Convention for participation to the centralized natural gas market managed by the RCE, signs the framework Agreement for the provision of Clearing/Counterparty services and has a valid balancing and access contract to the VTP concluded with the Transmission System Operator
7. **The Transmission and System Operator (TSO),** in particular S.N.TG.N. Transgaz S.A.;
8. **Sale / purchase order / bid –** the bid submitted by a participant, consisting of a price-quantity pair and other specific attributes, representing the participant’s firm commitment;
9. **Price** - the price of the transaction, recorded and displayed within the trading system;
10. **The best price -** the price of the trading order, with the highest execution priority, namely the highest purchase price, i.e. the lowest sale price of a tradable product;
11. **The lowest price** - the price of the trading order with the lowest execution priority, namely the lowest purchase price, i.e. the highest sale price of a tradable product;
12. **Double competitive trading procedure -** a set of rules and mechanisms for bidding, negotiation and trade established by this procedure. It implies the release of standard tradable products by the RCE, during a trading session;
13. **Standard product -** a product defined in the RCE trading system, whose object is the medium and long-term sale - purchase of natural gas;
14. **Trading report -** report issued by the trading systems of the RCE, containing complete data of the orders / bids entered, the interventions made during the trading session / the auction and the transactions concluded;
15. **Counterparty regulations - set of rules and procedures consisting of *the Regulation for clearing, settlement and risk management for futures contracts with the underlying natural gas* and the Specific *Instructions* for its application issued by the RCE as Central Counterparty.**
16. **Trading session -** the timeframe of the trading procedure, where the sale and / or purchase bids can be entered, modified, cancelled or terminated and transactions can be concluded - if the correlation conditions established by the algorithms of the trading systems are fulfilled;
17. **Trading systems –** information systems operated and managed by the RCE for the purpose of concluding transactions;
18. **Transaction -** an operation concluded in the trading system following the correlation of a sale bid with a purchase bid, according to the specific trading system algorithms;
19. **Transaction confirmation** – a notification received by the participant through the trading system which confirms that the participant has concluded a transaction.

**STANDARD PRODUCTS ADMITTED FOR TRADING**

**Art. 3.** (1) On the medium and long-term market the RCE organizes trading sessions for the following futures contracts, concerning both the trading point (VTP) as well as the duration of deliveries,

1. Month (delivery interval - gas month)
2. Quarter (delivery interval - gas quarter)
3. Cold season (delivery interval – gas quarters iv and i)
4. Warm season (delivery interval – gas quarter ii and iii)
5. Gas year (delivery period - calendar year)

# The description and characteristics of each standard product are given in Annex 1 to this procedure.

**SPECIFIC PARTICIPATION AND TRADING REQUIREMENTS**

# Art. 4.

**(1)** The economic operators that meet the following requirements are allowed to participate in transactions on the market for medium and long-term products:

* they are holders of a valid licence granted by the RERA for trading natural gas and have concluded a contract for the balancing and access to the VTP with the transport and system operator;
* they are operators of the distribution systems and of the natural gas storage systems, that have concluded a contract for the balancing and access to the VTP with the transport and system operator and have the exclusive trading right for the purchasing direction;
* they are final customers that have concluded a contract for the balancing and access to the VTP with the transport and system operator, and they have the trading right for the purchasing direction; for the sale direction they have the right to sell natural gas only in order to effectively balance their own portfolio;
* the transmission and system operator for the purpose of undertaking the physical balancing actions of the Transmission System and the creation of the minimum required stock of natural gas.

**(2)** The standard products referred to in art. 3 (1) have the following characteristics:

* suspensive delivery term of at least 2 (two) working days from the transaction conclusion date;
* have as object the transfer of the ownership right at the VTP over quantities of natural gas to be delivered at the VTP, in a constant daily profile, for a period longer than or equal to one gas month;
* the transfer is based on the trading report issued by the trading systems of the RCE;
* the quantity traded under such a contract is 1 MWh/day;
* the object of the transaction is a standard contract or a multiple of standard contracts, and the items that may be modified by the interested parties in the trading sessions are the price per standard contract and the number of standard contracts traded;
* the price and number of standard contracts for a concluded transaction can no longer be changed after the transaction is completed.

**(3)** Transactions between participants will be concluded when orders are correlated, according to art. 8 of this Procedure, without the need to conclude a natural gas buying-selling contract. The terms and conditions that govern the contracts are those provided at paragraph 2 above and the financial settlement and the guaranteeing of MC benefits will take place according to *the Regulation for the clearing, settlement and risk management of the Romanian Commodities Exchange as Central Counterparty for futures contracts.*

#### TRADING PROCESS

# Art. 5. The trading procedure used on the Market for medium and long-term products managed by the RCE is the double competitive trading procedure for standard products defined under the Art. 3.

#### THE DOUBLE COMPETITIVE TRADING PROCEDURE

**Art. 6.** Standard products are released for trading by and at the initiative of the RCE, as follows:

(1) The release of an underlying for delivery periods of at least one month will be made at least 5 calendar days before the first day of the delivery interval;

(2) The release of an underlying for periods exceeding one month will be made at least one month before the first day of the delivery interval.

**I. STAGES OF THE TRADING SESSION**

**Art. 7.**

(1) The brokers shall enter the orders starting with the opening hours of the trading session. They are validated only if they cumulatively meet the following conditions:

1. they mention the quantity, the price and the term of validity of the order;
2. if an amount of money greater than or equal to the value of the bond required in the case of trading the order is available in the bonds account, according to the regulations of the Central Counterparty.

(2) The elements that the participant at the release of the bid has to enter are the following:

1. the direction of the bid (sale / purchase);
2. the minimum natural gas volume: the minimum volume is 1 contract of 1 MWh/day multiplied by the number of days of the tradable interval. The minimum total tradable volume is automatically defined for each product separately;
3. the price for products shall be expressed in RON/MWh, positive number, with maximum 2 (two) decimals;
4. the validity term of the order (optional); if not filled in, the system shall automatically generate the end date of the trading session.

(3) The orders entered may be maintained by brokers, as follows:

* 1. the change of price;
	2. the change of quantity;
	3. the change of the validity term of the order.

**II. CORRELATION OF THE ORDERS**

**Art. 8.** (1) The purchase and sale orders shall be automatically sorted in the trading platform so that the best offers in terms of price are displayed first. In case of price equality, the bids shall be sorted by the time stamp, the oldest ones being displayed with priority.

(2) For the sale orders, the sale order is correlated with a purchase order with the same price or with a better price, for the maximum quantity determined by the competition of the quantities mentioned in the two opposite direction orders, at the sale order price.

(3) For the purchase orders, the purchase order is correlated with a sale order with the same price or with a better price, for the maximum quantity determined by the competition of the quantities mentioned in the two opposite direction orders, at the purchase order price.

(4) Under the condition that the transaction has been made only concerning a part of the quantity mentioned in an order, the respective order will be maintained in the trading platform for the remaining quantity.

(5) Transactions concluded through the counterparty mechanism will be notified to the TSO by the RCE, as counterparty.

(6) On the last trading day of a standard product with a month delivery period, a 30-minute auction session is specifically organized at the end of the trading session of that day. During this auction session, the orders are correlated at the end of the session based on the price and time priority according to the order prioritization principles within this article.

The auction session is organized only under certain market price conditions determined according to *the Instruction on establishing the Final Settlement Price,* part of *the Regulation for clearing, settlement and risk management for Futures contracts with the underlying natural gas.*

 **III. TRADING REPORT**

**Art. 9.**

(1) At the end of each/ trading session, the trading system generates an electronic report that includes the following items:

1. the name of the standard product;
2. the quantity of natural gas relevant to the transaction;
3. the offered prices;
4. changes to the quantities and prices throughout the trading session (status of the order) with the associated timestamp;
5. transaction/transactions concluded within the session, with the mention of the quantity, price and the participants to the concluded transaction/transactions.

(2) The results of the trading session shall be published on the RCE website.

(3) After the conclusion of a trading session, participants have access through the RCE trading system, to their own transaction confirmations.

(4) The trading report shall be sent to all brokers participating in the trading session, in electronic format.

(5) The results of the trading session are published on the RCE website.

(6) The trading system records and stores all bids introduced, including their life cycle, concluded transactions as well as generated reports, for a period of maximum 5 years, time in which they can be accessed by the participants to which they refer.

**THE CLEARING/SETTLEMENT PROCESS**

**Art. 10.**

(1) Clearing-settlement represents a management process and a calculation process of financial positions operated by the Central Counterparty, a function that establishes the amount of guarantees that should ensure the financial loss risk caused by substituting open positions as a result of transactions made and the amount of payments/receipts resulting from the trading activity. This process is conducted according to *the Regulation for the clearing, settlement and risk management regulation of the Romanian Commodities Exchange as Central Counterparty for futures contracts.*

(2) Without altering the role of the Central Counterparty, transactions concluded determine firm participant obligations to deliver natural gas in full accordance with the characteristics of the products traded according to this Procedure.

**GUARANTEE OF OBLIGATIONS**

**Art. 11.**

(1) Transactions are performed and guaranteed according to *the Regulation for the clearing, settlement and risk management regulation of the Romanian Commodities Exchange as Central Counterparty for futures contracts*.

In order to benefit from the services of trading through the Central Counterparty house, the participants must sign the Framework Agreement for the provision of Central Counterparty services, which implies the cumulative fulfilment of the following conditions:

* to fulfil the requirements established by the Clearing house/Counterparty;
* to hold a valid licence granted by the RERA for the trade of natural gas and to fulfil the conditions mentioned in article 4 paragraph 1 of this Procedure;
* to provide the guarantees required by the Central Counterparty;
* to adhere to the provision of *the Regulation for the clearing, settlement and risk management regulation of the Romanian Commodities Exchange as Central Counterparty for futures contracts*.

(2) Guarantees are calculated using the algorithms established by the Central Counterpartyand have the role of sustaining each transaction of a participant.

(3) The Central Counterpartyis not responsible for the physical delivery or taking over of quantities contracted from the network by the network users, or any imbalances they might generate. Imbalance situations are managed by the TSO according to the Network Code.

(4) Notifications, non-fulfilment of obligations by the network users as well as all information necessary for ensuring the whole process will be agreed between the Central Counterparty and the TSO based on special protocols. The clearing-settlement process takes place according to *the* *Regulation for the clearing, settlement and risk management regulation of the Romanian Commodities Exchange as Central Counterparty for futures contracts.*

**RISK MANAGEMENT**

**Art. 12.**

Trading natural gas with associated clearing - settlement services is subject to two risk categories:

(a) Financial risk - occurs when a member does not fulfil its obligation to deposit, within the set deadline, the guarantee or violates the settlement rules. The Central Counterparty will suspend clearing-settlement services and will begin to mobilize available guarantees according to *the* *Regulation for the clearing, settlement and risk management regulation of the Romanian Commodities Exchange as Central Counterparty for futures contracts.*

The rights may be restored only after the affiliated member has fully fulfilled its obligations or in accordance with the sanctions imposed by the counterparty.

(b) The risk of physical non-delivery, total and/or partial takes place when the Participant does not deliver the quantity of natural gas traded under the established conditions.

In this case, the *Central Counterparty* does not guarantee for the physical non-delivery but will retain the seller’s guarantees in order to manage the so called „substitute risk” of nondelivered natural gas, according to *the* *Regulation for the clearing, settlement and risk management regulation of the Romanian Commodities Exchange as Central Counterparty for futures contracts*.

(c) In case that, after the transaction has been completed the seller does not honour their delivery obligation (in whole or in part), the Central Counterparty will initiate a process of substitution of the positions related to the non-delivered volumes and the Clearing house/the Counterparty will bear potential price differences according to *the* *Regulation for the clearing, settlement and risk management regulation of the Romanian Commodities Exchange as Central Counterparty for futures contracts*.

(d) Also, in case that, after the transaction has been completed, the buyer does not honour the receiving obligation (in whole or in part), of the volume of natural gas that made the object of the transaction, the Clearing house/the Counterparty will initiate a process of substitution of the positions related to the non-received volumes and the Central Counterparty will bear potential price differences according to *the* *Regulation for the clearing, settlement and risk management regulation of the Romanian Commodities Exchange as Central Counterparty for futures contracts.*

(e) The failure of the process of replacing the positions related to the non-received / non-delivered volumes, resulting in imbalances established by the TSO, does not in any way attract the liability of the counterparty.

(f) Even if the Central Counterparty successfully completes the process of replacing the positions related to the non-received / non-delivered volumes, the Participants that do not receive / deliver the traded volumes will be sanctioned according to *the* *Regulation for the clearing, settlement and risk management regulation of the Romanian Commodities Exchange as Central Counterparty for futures contracts*.

**TARIFFS AND COMMISSIONS**

**Art. 13**.

(1) The RCE has the right to charge the participants to the centralized market tariffs and commissions for the activities and services performed, as follows:

 a) an annual registration tariff (RON/participant/year);

 b) a commission for the management of the centralized natural gas market according to the commission grid, applied only to participants – that are part of the transaction;

 c) tariffs provided by *the* *Regulation for the clearing, settlement and risk management regulation of the Romanian Commodities Exchange as Central Counterparty for futures contracts* through *the specific Instruction.*

(2) In case that the obligations provided in paragraph (1) are not paid until the due date, the RCE has the right to suspend the access of the participant to trading sessions until the obligations are met.

**Art. 14.**

The tariffs and commissions charged as operator of the centralized natural gas market are set up based on the decision of the Board of Directors of the RCE and are published on the RCE website.

**THE REGIME OF THE SUBMISSION, MANAGEMENT AND SETTLEMENT OF COMPLAINTS**

**Art. 15.**

The interested party may file a written complaint with the RCE within the due date provided in *the* *Regulation for the clearing, settlement and risk management regulation of the Romanian Commodities Exchange as Central Counterparty* for futures contracts;

Filing a complaint does not affect the RCE’s right to take any measures provided *the* *Regulation for the clearing, settlement and risk management regulation of the Romanian Commodities Exchange as Central Counterparty for futures contracts*, until the complaint is solved*.*

**PUBLICATION**

**Art. 16.**

For the transactions concluded on the market for standardized products on the Market for futures products, the RCE shall publish daily, at the end of the trading period, on its own website the following information:

1. the volumes traded and the number of transactions concluded in this respect - for each product;
2. the minimum trading price of the day - for each product;
3. the maximum trading price of the day - for each product;
4. the average price of the trading day - for each product, calculated as a weighted average of the transactions of that day;
5. the updated average price - for each product - for the products tradable for a longer period, calculated as a weighted average of all transactions made from the beginning of the trading period of the respective product until the end of the trading day;
6. the change in the updated average price as compared to the average / updated price of the day before - for each product;
7. the closing price of the trading day - the last trading price recorded at the closure of the market for each product;
8. the change in the closing price of the day as compared to the closing price of the day before for each product;
9. the number of participants registered on the market that has submitted at least one bid on the market, irrespective of its direction - sale or purchase.

**Art. 17.** The operator of the Market for medium and long-term products shall monthly send to the RERA detailed information on each transaction concluded on the natural gas futures contracts market during each trading session, according to the RERA regulations.

**Art. 18.**

(1) The RCE reserves the right to amend and/or supplement this procedure, while respecting the process of public consultation according to the RERA regulations. The only version opposable to the RCE is the one displayed on its website.

(2) Annexes 1 and 2 are an integral part of this procedure.

**ANNEX 1**

to the procedure

**A. Futures contracts - specifications**

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| **Product type** | Futures contract |
| **Underlying**  | Natural gas with physical delivery in Romania  |
| **Contract type** | Delivery in constant profile of 1 MWh/day for the entire delivery period. |
| **Contract size** | No. of MWh included in the delivery period. Examples:- for a calendar year contract *(ex: 2020)* the contract size is 366 MWh- for a month contract *(ex: December)* the size of the contract is 31 MWh |
| **Object of the contract** | Physical Delivery / takeover of natural gas in the Transgaz network by the seller and the buyer against payment |
| **Delivery periods** | Calendar monthCalendar quarterCalendar semesterCalendar yearCold gas season: October 1st *(Year N)* - April 1st *(Year N + 1)*Warm gas season: April 1 -1 OctoberGas year: October 1st *(Year N)* - October 1st *(Year N + 1)* |
| **Delivery day** | The gas day starts at 6:00 of the current day and ends at 6:00 of the next calendar day |
| **Number of delivery periods available simultaneously for trading** | The first 3 full calendar monthsThe first 4 full calendar quartersThe first whole cold gas seasonThe first full warm gas seasonThe first full calendar year |
| **The first trading day**  | To be established by the RCE  |
| **The last trading day**  | The last trading day of a contract, also called maturity is as follows:For monthly contracts, it is T-2 working days before the first day of the delivery period (day T). For the rest of the contracts, it is T-3 working days before the first day of the delivery period (day T). |
| **Cascading**  | Each position open at maturity on a contract longer than one month (quarter, season and year) is replaced by equal positions for shorter periods. *Example: A calendar year is replaced by the first 3 months and the next 3 quarters of that year* |
| **Position / Open position** | The position is the way to highlight in the RCE counterparty system the obligations and rights resulting from the trading activity.*A purchase position is related to a futures contract purchased.* *A selling position is related to a futures contract sold.***A sale position cancels a purchase position and vice versa in terms of centralized clearing**.The open position represents the number of one-direction positions *(either sale or purchase)* that are not offset by opposite-direction positions. *Example: a participant has concluded in one day 2 transactions: the first for buying 3 contracts and the second for selling 1 contract. (contract means strictly the same delivery period). At the end of the day the participant has 2 open purchase positions.* |
| **Daily settlement method** * **marking on the market the potential loss and the potential profit**
 | The marking on the market is performed daily and the differences (profit / loss) between the daily settlement price and the current day's transaction price or between the daily settlement price and the daily settlement price from the day before are recorded for the positions from the previous day.The potential profit and / or loss are highlighted daily in the account of a participant. The loss is highlighted until the last day of delivery and must be covered daily until maturity by guarantee methods accepted by the central counterparty RCE. The profit is highlighted until the last day of delivery in the participant's account opened with the central counterparty RCE, its withdrawal not being available until maturity. |
| **Daily settlement price** | Price calculated by the RCE according to the specific Instruction within the RCE Regulation for clearing and settlement of futures contracts |
| **Final settlement price** | The price calculated and published by the RCE according to the specific Instruction within the RCE Regulation for clearing and settlement of futures contracts *for each calendar month of delivery.* The final settlement price is determined at the maturity of a monthly contract. With T-2 working days before the first day of delivery.*The final settlement price is the price at which the delivery is made for all the positions left open at the maturity of the contract.**The buyer pays the seller the underlying at the final settlement price. The payment amount is determined by multiplying the Size of the Contract with the Final Settlement Price.****All taxes and duties imposed by the legislation in force will be paid separately.*** |
| **Final settlement method - physical settlement****- payment / collection** | **The final settlement must be made by physical delivery of natural gas according to the concluded transactions. The RCE as central counterparty will notify Transgaz on a gross basis of all concluded transactions.*****The Seller is obliged to deliver and the Buyer is obliged to take over the quantity of natural gas agreed through the transaction / transactions concluded with futures contracts.******The payment is made by the buyer to the RCE as central counterparty, the latter being obliged to pay the value of the natural gas related to the open purchase positions held at the maturity of a month contract for the Final Settlement Price.******The seller collects the money from RCE as central counterparty, who collects the value of natural gas related to the open sales positions held at the maturity of a month contract at the Final Settlement Price.*** |
| **Determining the final Loss / Profit** **Releasing the profit and covering the final loss** | **The last day to mark the profit / loss for a contract is the maturity day of a contract based on the Final Settlement Price, this becoming the final Profit / Loss.****Within 2 working days from the maturity of a monthly contract a participant must pay the final loss calculated on the respective monthly contract.****Within 2 working days from the maturity of a monthly contract, the RCE as central counterparty pays to a participant the final profit calculated on the respective monthly contract.** |

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**Coding futures contracts in the trading platform:**

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| **PRODUCT NAME** | **CODES** |
| 1. Month
 | **M***XX*\_*AAAA* |
| 1. Quarter
 | **Q***X-AAAA* |
| 1. Warm season
 | **WS**- *AAAA* |
| 1. Cold season
 | **CS**- *AAAA* |
| 1. Calendar year
 | **CAL**-*AAAA* |

**Remarks:**

*- "XX" represents the number of the month when the delivery takes place during the year with values from 1 to 12*

*- "X" represents the number of the quarter when the delivery takes place during the year with values from 1 to 4 in the case of quarter type contracts*

*- "AAAA" is the year when delivery begins.*

**ANNEX 2 to the procedure**

**Clearing Member Acceptance Agreement**

This Agreement for the Acceptance of the CM (“**the Agreement**”) is concluded today, \_\_\_\_\_\_\_\_\_, between

**BURSA ROMÂNĂ DE MĂRFURI (Romanian Commodities Exchange) S.A.**

Trade Register number J40/19450/1992

Sole Registration Code RO1562694

License no. 1797/19.07.2013 issued by the RERA

hereinafter referred to as the “RCE”, as Central Counterparty

and

**SC…………………………………..................................................................................................**

with the registered office in the locality ..................... street ................., postal code .........................................., phone ......................., fax.................., e-mail ................, having an account opened with the bank ...................., account number ..........................

Trade Register number ……………..............................................................................

Sole Registration Code ………….....................................................................................

License no. ......................./................. issued by the Romanian Energy Regulatory Authority,

hereinafter referred to as “CM”, a Clearing Member

Hereinafter referred to individually as the “**Party**” and collectively referred to as the “**Parties**”

**Considering the following:**

A The RCE is the Market operator, licensed by the RERA, where the CM is registered to trade the Underlying;

B The RCE provides clearing-settlement Services for Transactions performed on the Market, based on the Contracts accepted for this purpose by the RCE;

C The CM intends to benefit from the clearing-settlement services provided by the RCE;

D At this moment, the CM meets the conditions to have the quality of Clearing Member, according to the Regulation for clearing, settlement and risk management of the Romanian Commodities Exchange as Central Counterparty (“**Regulation**”).

In view of the above, the Parties agree as follows**:**

**1 Definitions and interpretation:**

1.1. The terms and expressions used in this Agreement, in capital letters, shall have the definition set out in the Regulation.

1.2 In the context of this Agreement, unless expressly provided otherwise,

1.2.1 a reference to a grammatical gender includes all other grammatical genders;

1.2.2 a reference to the singular number also includes the plural and vice versa.

1.3 In the event of a discrepancy between this Agreement and the Regulation, the provisions of the Regulation shall prevail, in the form valid on the date of its application.

1.4 The provisions of the RCE Regulation and Instructions, the decisions of the RCE, as well as the constant practice of the RCE shall apply to this Agreement *mutatis mutandis*, as if they were part of this Agreement.

**2 Obligations derived from the CM** **status**

2.1 The CM guarantees that all information provided to the RCE to determine that the CM meets the conditions to be a Clearing Member is, at the date of signing this Agreement, complete and correct.

2.2 The CM will ensure that it meets at all times the conditions to be a Clearing Member. If the CM has information capable of leading to the conclusion that the CM no longer meets or will no longer meet the conditions to be a Clearing Member, the CM will immediately inform the RCE, in writing, of those circumstances.

2.3 The CM will immediately inform the RCE, in writing, on the occurrence or probability of occurrence of the following events:

2.3.1 any of the events provided for in the Regulation as a breach of the obligations of the CM or as a breach of the Regulation;

2.3.2 the expiration or refusal of any license, authorization or contract required by the CM to carry out its commercial activity, including, but not limited to, documents issued / concluded with the RERA and the TSO;

2.3.3 any modification of the identification data of the CM provided for in this Agreement;

2.3.4 any sanction applied by the RERA or the TSO, either on a legal or contractual basis;

2.3.5 any change in the normal course of business which might affect the fulfilment of the obligations laid down in the Regulation.

2.4 In case of receiving the information provided in art. 2.2. and 2.3, the RCE will have the right to reconsider whether the CM still meets the conditions to be a Clearing Member, and may request any other information from the CM in this regard. The CM will promptly present this information and ensure that it is complete and correct.

2.5 The CM undertakes to comply with this Agreement, the Regulations and the Instructions, stating in this regard that it is familiar with their provisions, which it expressly accepts.

2.6 The CM undertakes to grant the RCE a direct debit right on the Escrow Account, in the form proposed by the RCE, for any amounts owed by the CM related to its obligations under the Regulation, orders initiated in the Market or concluded Transactions.

**3 Clearing-settlement services offered by the RCE**

3.1 The RCE undertakes to provide the CM with Transaction clearing-settlement Services, in accordance with the provisions of the Regulation.

3.2 The CM understands and accepts that the Services do not include any obligation on the part of the RCE related to the physical delivery of the Underlying and that, regardless of the financial clearing actions, the CM remains fully bound, according to the Contracts, to other CMs and to the TSO, in case of imbalance.

3.3 In consideration of the Services, the RCE will apply to the CM Tariffs that the CM undertakes to pay in accordance with the Regulation and the Instructions, including through the direct debit by the RCE.

3.4 The CM will accept the actions of the RCE according to the reports issued daily by the RCE which will be fully opposable and binding on it. The CM will exonerate the RCE from any liability in respect of actions taken under the Regulation and will guarantee and indemnify the RCE for any damages caused to the RCE, other Clearing Members or any other third parties as a result of the CM's activity, including as a result of the RCE actions taken as a consequence of the CM’s activity. For the avoidance of any doubts, the liability of the CM will not be limited to the funds set up in accordance with the Regulation.

3.5 The CM understands and accepts that the Services do not imply an unlimited liability on the part of the RCE regarding the financial risk, but exclusively within the limit of the RCE's contribution to the Guarantee Fund.

3.6 The CM undertakes to establish / pay the Margins established by the RCE, including in case they change or increase under the conditions of the Regulation.

**4 Limitation of trading and clearing**

The RCE will have the right, at any time, to limit the right of the CM to conclude Transactions or to be cleared Transactions or Margins, under the conditions provided in the Regulation.

**5 Termination**

5.1 This Agreement may be terminated unilaterally by either Party upon 30 Days' notice. Until the end of the last day of the notice period, the CM will ensure that it no longer registers Open Positions. If the CM continues to register Open Positions, the RCE will have the right to close them forcibly, the provisions of the Regulation on the forced closure of Positions will be applicable *mutatis mutandis*.

5.2 If the CM violates its obligations under this Agreement, those of the Regulation or the RCE establishes that the CM no longer meets the conditions to be a Clearing Member, the RCE will be able to terminate this Agreement by a simple written notification, without any other formality and without the intervention of the court. (express pactum commissorium). The RCE will be able to take all the measures provided by the Regulation (including the forced closure of the CM Open Positions), as well as any other measures provided by the Regulation to protect the RCE, the other CMs and the security of the clearing-settlement system.

5.3 To the extent that this capacity has not already been withdrawn, upon termination of this Agreement the CM will lose its of Clearing Member.

6 Force majeure

6.1 Either Party is exonerated from liability for non-fulfilment or late fulfilment of its obligations, in case of force majeure (defined according to the provisions of the Romanian Civil Code) ascertained by the Romanian Chamber of Commerce and Industry.

6.2 The Party invoking the force majeure has the obligation to notify the other Party, within 5 days and in full, of its occurrence and to take any measures available to it in order to limit the consequences.

6.3 In case that the Party prevented from fulfilling its obligations as a result of a case of force majeure remains in default of performing its obligations for a continuous period of 30 days, the other Party shall have the right to terminate this Agreement with immediate effect, by simple notification of the other Party, without the obligation to pay compensation, by either Party. Such events are considered: war, natural disasters, strikes, legal restrictions, regulatory intervention and any other event beyond the control of the invoking Party.

7 Entirety of the Agreement

7.1 This Agreement, together with the Regulation and the Instructions, includes the entire agreement between the Parties regarding the clearing-settlement Services provided by the RCE.

7.2 This Agreement supersedes and cancels any agreement, communication, offer, proposal, or correspondence, in oral or written form, previously exchanged or concluded between the Parties and relating to the same object.

8 Transfer

8.1 This Agreement may not be transferred, either directly or through any legal transaction by the Parties.

8.2 Subject to the transfer restriction included in this Agreement in art. 8.1, the provisions of this Agreement shall be binding on the Parties, their legal representatives and their successors.

9 Substitution

If any provision of this Agreement proves to be unlawful, void or unenforceable, in whole or in part, under any applicable law, that provision shall be deemed not to be part of the Agreement and shall not affect the legality, validity and enforceability of the other provisions of the Agreement. Each Party shall make every effort to negotiate as soon as possible, in good faith, a valid substitution provision, having the same economic effect.

**10** **Waiver**

The failure to exercise or the postponement of the exercise of a right arising out of this Agreement shall not constitute a waiver of that right, and the sole or partial exercise of a right shall not preclude the possibility of the subsequent exercise of the same right or of other rights. The rights and compensations offered by this Agreement are cumulative and do not exclude the existence of additional rights and compensations offered by the applicable law.

11 Applicable law

This Agreement shall be governed by and construed in accordance with the laws of Romania.

12 Settlement of Disputes

The Parties agree to make every effort to resolve amicably any dispute arising in connection with this Agreement, the Regulation or the Instructions. If the Parties fail to resolve these disputes, any misunderstanding or dispute arising out of the interpretation, execution or termination of this Agreement, or the interpretation and execution of the Regulation or Instructions shall be submitted to the competent court in Bucharest.

13 Final provisions

13.1 Each Party expressly accepts the clauses that provide for the benefit of one of the Parties the limitation of liability, the right to unilaterally terminate the Agreement or suspend the execution of obligations, as well as the clauses that provide for the detriment of one of the Parties the exclusion from the right or the forfeiture of the benefit of the payment term, the right to object to exceptions, objections or defences, clauses derogating from the rules on the jurisdiction of the courts or from the benefit of contingency.

13.2 The CM assumes the risk of the occurrence of exceptional circumstances, independent of its will, even if it would make manifestly unfair to oblige the CM to perform the obligations assumed, agreeing to fulfil them independently of such exceptional changes of circumstances underlying this Agreement or the basis of a Transaction. By taking such risks, the CM understands and accepts that it will not be able to request the court to adapt this Agreement, a Transaction or the obligations deriving from them according to the Regulation, in case of exceptional circumstances such as those described above.

RCE CM

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