### ANNEX 4

**to the procedure**

**Novation Contract**

**I. The Contracting Parties**

**Art. 1**

The parties to the novation contract (hereinafter referred to as “the Novation Contract”) are, on the one hand, Bursa Română de Mărfuri - *the Romanian Commodities Exchange*, as the central counterparty (hereinafter referred to as “the Central Counterparty” or “the RCE”) and the participants to the centralized gas market. (hereinafter, individually referred to as “the Beneficiary Seller” or “the Seller”, respectively “the Beneficiary Buyer” or “the Buyer” and collectively “the Beneficiaries”), who do not have the status of Clearing Member or the MC Acceptance Agreement with the RCE as Central Counterparty and who concluded a transaction, (hereinafter referred to as “the Transaction”) on the medium and long-term products market, and was refused by their counterparty in the transaction.

The above mentioned parties are hereinafter referred to individually as the ”the Party” and collectively ”the Parties”.

**II. Object of the contract**

**Art. 2.1 Acceptance of the transaction by the Central Counterparty**

1. The Central Counterparty shall substitute in a transaction concluded on the medium and long-term products market of standardized products, according to Art. 3, paragraph (1), point A of the Medium and Long-Term Products Trading Procedure, by the Novation Contract, becoming Buyer for the Seller and Seller for the Buyer.
2. The novation contract is an integral part of the Procedure for the organization and functioning of the Standardized Products Market on the medium and long term, being applicable to all participants to this market from the date a transaction is concluded. The contract shall take effect from the date on which the Central Counterparty accepts the request for assignment of the concluded transaction, submitted by any of the parties to the Transaction that refuses to conclude the Standard Contract (Annex 2 to the Medium and Long Term Trading Procedure) with the transaction counterparty.
3. The obligations of physical delivery and takeover of natural gas remain under the responsibility of the parties to the Transaction, the Central Counterparty having the role of financial guarantor for fulfilling all financial obligations, but without making natural gas deliveries or takeovers in its own name.
4. The RCE as Central Counterparty guarantees the payment of the equivalent value of the natural gas traded according to the concluded transaction. The RCE as Central Counterparty guarantees through specific risk management mechanisms as well as through the guarantee fund the takeover and delivery of natural gas according to the transaction concluded by another supplier in case of non-compliance with the delivery / takeover conditions induced by a party to the concluded transaction.
5. The quantities, prices and delivery periods shall be those that were traded by the parties during the negotiation sessions on the Medium and Long-Term Standardized Products Market administered by the RCE; they shall be the object of trading annexes related to each individual transaction, identical in form and completed in full, according to the model presented in Annex 1 of this Framework Contract;
6. The transfer of ownership is made at the Virtual Trading Point (VTP), based on the trading report made available to the Parties by the operator of the centralized market - the RCE; the traded quantities of natural gas are to be delivered to the VTP, in a constant daily profile.

**III. Obligation to take over / Obligation to deliver**

**Art. 3**

1. The quantities of natural gas traded are firm, the Supplier as Seller assuming the obligation to deliver them to the VTP and as Buyer to take them over and pay them at the price resulting from the trading session, according to the Trading Report, issued and transmitted to the Parties by the RCE, in accordance with the provisions of Chapter V of ”the Procedure for the organization and functioning of the market for medium and long-term standardized products administered by the RCE”.
2. The non-execution by any of the Beneficiaries, in whole or in part, of the obligation to deliver, respectively to take over the traded quantities of natural gas gives the Counterparties the right to collect the equivalent value of the undelivered or, as the case may be, the unrecovered quantity. Correlatively, the Party whose obligation is not fulfilled shall be bound by the payment of the amount representing the value of the quantity of gas for which the obligation to deliver or take over has not been fulfilled. The central counterparty shall execute, in case of non-compliance, the guarantees established by the Beneficiary, within the limits of the obligations assumed by the latter, as provided in art. 6.1 of this contract.
3. The equivalent value of the imbalances generated by the Supplier is calculated according to the legal provisions in force and is due by the Supplier to the Central Counterparty.

**IV. Duration of the contract**

**Art. 4**

1. This Contract shall take effect on the date on which the Central Counterparty accepts the Beneficiary's request to assign the completed transaction. The contract subsists until the settlement of all obligations arising from the conclusion of the Transaction on the Market for medium and long-term standardized products administered by the RCE.
2. After the expiration of the Validity Period, the Parties will no longer be bound by the terms and conditions of this Contract, except to the extent necessary to enforce the rights and obligations of the Parties, as they arise from this Contract before the end of the Validity Period.
3. If at any time a provision or a clause of this Novation Contract is or shall be declared illegal, void, ineffective or impossible to enforce in any way, according to applicable law and jurisdiction, the legality, validity and possibility of performance of the other provisions of the Novation Contract shall not be affected or influenced.

**V. Delivery / takeover of natural gas, natural gas measurement**

**Art. 5**

The delivery / takeover of natural gas is performed at the VTP at the term established according to the trading report in constant daily profile, based on the nominations made by the Counterparty to the TSO as a result of the transaction concluded on the platform.

1. The expenses incurred by the delivery / takeover of natural gas at the VTP shall be borne according to the provisions of the laws in force, as follows:
2. The Seller Beneficiary agrees to bear all costs not limited to taxes, fees or charges imposed by any governmental authority on or in connection with natural gas before or at the time of its delivery to the Buyer at the VTP;
3. The Buyer Beneficiary agrees to bear all costs, not limited to taxes, fees or charges imposed by any governmental authority on or in connection with natural gas after its takeover by the Buyer at the VTP.

**VI. Price of the contract. Price payment guarantee. Payment terms and conditions**

**Art. 6.1**

1. The price of natural gas that is the object of transactions transferred and accepted by the Central Counterparty is the price established following the trading on the *Medium and long-term market of standardized products administered by the RCE,*
2. The price provided in paragraph (1) does not include the VAT and excise duties, these being added as the case may be according to the law.
3. The obligations for declaring and paying the excise duty to the consolidated state budget for the natural gas purchased on the basis of this Contract shall be established in accordance with the provisions of the fiscal laws.
4. Guaranteeing payment and delivery for traded Natural Gas is completed for the buying beneficiary and the selling beneficiary through the centralized risk and management system of the central Counterparty using the margin system in accordance with RCE Counterparty regulations. In this sense beneficiaries will provide collateral to the minimum level based on the daily report issued by the central Counterparty to each participant, party to a transaction accepted by the central Counterparty. The beneficiary is required to provide the central Counterparty, based on the margin call and according to counterparty regulations, with the required additional collateral. Where applicable, additional collateral required through the margin call will be provided through the daily direct debit mechanism.
5. Earnings of a selling beneficiary will be credited daily throughout the entire flat profile delivery, as per the transaction. Earnings are received according to Counterparty regulations.
6. Payments from a buying beneficiary will be made through the direct debit mechanism throughout the entire flat delivery period, as per the transaction. Payments are made according to Counterparty regulations.

**Art.6.2 Specific clauses regarding the risk of guaranteeing transactions**

1) If the Central Counterparty refuses to accept the transaction, the object of the novation contract becomes null. In this situation the participants are obliged meet their obligations resulting from the transaction according to the PROCEDURE FOR THE ORGANIZATION AND FUNCTIONING OF THE MARKET FOR MEDIUM AND LONG-TERM STANDARDIZED PRODUCTS ADMINISTRATED BY THE COMPANY BURSA ROMÂNĂ DE MĂRFURI S.A. – THE ROMANIAN COMMODITIES EXCHANGE.

2) The Central Counterparty, in accordance with the procedures of its own risk department, may refuse a transaction in the following situations:

a)       The transaction price has an unusual deviation from the average trading price of the traded product in the current period and / or the transaction volume is atypically high for a participant.

b)      There may be suspicions regarding the creditworthiness of the participant reported by the banking system regarding the payment incidents in the last 30 days.

c)       The transaction itself may be subject to suspicions of price manipulation in accordance with the REGULATION (EU) NO. 596/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of April 16, 2014 on market abuse (Regulation on market abuse) and repealing the Directive 2003/6/EC of the European Parliament and of the Council and of Directives 2003/124/EC, 2003/125/EC and 2004/72/EC of the Commission,

d)      The participant has at least 3 incidents of payment and / or non-compliance with the minimum level of guarantees required on the RCE platforms during the last 12 months

**Art. 7 Invoicing and execution of the Contract**

7.1 Beneficiary Seller / Buyer observes the regulations of the Central Counterparty *(the Clearing, Settlement and Risk Management Regulation and the Procedure)* with regard to the invoicing and execution of the Contract. The beneficiary buyer / seller is assimilated from the point of view of the Central Counterparty to a Clearing Member, in connection with the rights and obligations regarding the guarantee and payment of the transactions assigned to the Central Counterparty.

7.2. The Seller and the Central Counterparty will issue the invoices related to the contract monthly, until the 5th day of each month.

1. The Central Counterparty shall issue the invoice to the Buyer at least 2 days before the start of deliveries.
2. The invoices drawn up by the Central Counterparty shall be sent to the Buyer by fax and / or e-mail, on the date of issue.
3. The natural gas shall be paid by the Buyer by bank transfer, based on the invoices issued by the Central Counterparty. Payment by bank transfer or by any other payment instrument shall be deemed to have been made on the date on which the bank account of the Central Counterparty is credited with the amount representing the invoiced amount. Payment shall be made to the account of the Central Counterparty mentioned in the invoice.
4. The buyer shall explicitly mention in the payment order the invoice to be paid and shall send a copy of it, upon the request of the Central Counterparty, to the correspondence addresses of the company Burs Română de Mărfuri - Romanian Commodities Exchange.
5. The non-payment of the invoices issued according to the present article at the due date gives the right of the Central Counterparty to:
6. not deliver the natural gas according to the Contract, without giving rise to any contractual obligation / liability on the part of the Central Counterparty, in case of non-payment of advance invoices;
7. collect a rate of interest on arrears equal to the level of increases for non-payment of obligations to the consolidated state budget, calculated for each day of delay, starting with the day immediately following the Due Date, until full payment of the debt, including the payment day;
8. limit / interrupt the natural gas supply with the prior notification of the Buyer within 24 (twenty-four) hours from the transmission in this respect of a notification to the Buyer and the TSO;
9. execute the guarantees submitted to the Central Counterparty.
10. If an amount invoiced by the Central Counterparty is challenged in whole or in part by the Buyer, they shall submit an explanatory note to the Central Counterparty containing their objections, within 5 (five) business days from the date of receipt of the invoice by fax or e-mail, and shall pay the amount remaining uncontested until the payment due date, according to art. 7 para. (1). The Buyer's objections regarding the invoiced values presented in the explanatory note shall be reconciled between the Parties within 5 (five) business days from the date of receipt of the claims made by the Buyer. For the contested amounts, but subsequently established amicably or by court decision to be due by the Buyer, they shall pay, in addition to the amount due, a penalty calculated according to the provisions of art. 3 paragraph (2). If, following the dispute, the reduction of the invoiced values has been established, the Buyer shall be reimbursed any amounts and related penalties calculated according to art. 3 paragraph (2), already paid, corresponding to the respective reduction. The procedure provided by this art. 7 paragraph 6 shall not prevent the execution of the guarantee constituted by the Buyer according to art.6.1.

**Beneficiary Seller**

1. The Central Counterparty shall pay to the Seller until the 5th day of the following month the equivalent value of the deliveries made in one month and the invoicing shall be done in self-invoicing regime.

**VII. Charges and taxes**

**Art. 8**

1. In accordance with the legal provisions, the Seller agrees to be responsible and to pay or determine the payment of all charges and / or taxes, imposed by any governmental authority and associated with the natural gas delivered under this Contract, before its delivery.
2. In accordance with the legal provisions, the Buyer agrees to be responsible and to pay or determine the payment of all charges and / or taxes, imposed by any governmental authority and associated with the natural gas delivered under this Contract, upon receipt.

**VIII. Rights and obligations**

**Art. 9**

1. The Beneficiary Seller has the following main rights:
2. to invoice to the Central Counterparty the quantity of natural gas delivered and the penalties or penalizing interests - when it is the case - in accordance with the contractual provisions and to collect their equivalent value;
3. **to benefit from the rights assimilated to a Clearing Member on the Central Counterparty system.**;
4. The Beneficiary Seller has the following main obligations:
5. to deliver the quantities of natural gas established according to the present Contract, based on the Trading Report according to the procedure for the medium and long-term products;
6. to ensure the specified parameters of the delivered natural gas, in accordance with the laws in force;
7. to hold and maintain in force throughout the Contract, the licenses and authorizations necessary for the delivery / takeover of natural gas at the VTP and to comply with their provisions;
8. to ensure the delivery of the quantity of natural gas contracted in the terms of this contract, including in accordance with the notification made by the Central Counterparty;
9. to establish a performance bond by means of a letter of bank guarantee valid from the date of issue, where the guaranteed value is the value provided in art. 6.2.

**Art. 10**

1. The Beneficiary Buyer has the following main rights:
2. to request and take over the quantities of natural gas, in accordance with the provisions of this Contract and of all the Trading Annexes that are an integral part of the Contract;
3. b) to benefit from the rights assimilated to a Clearing Member on the Central Counterparty system.;
4. The Beneficiary Buyer has the following main obligations:
5. to take over and pay the quantities of natural gas made available through the Central Counterparty under the conditions of this Contract, including in accordance with the notification to the TSO made by the Central Counterparty;
6. to pay in full and on time the value of the natural gas purchased under the conditions of this Contract;
7. to hold and maintain in force, throughout the Contract, the licenses and authorizations necessary for the delivery / takeover of natural gas at the VTP and to comply with their provisions;
8. to establish a performance bond by means of a letter of bank guarantee valid from the date of issue, where the guaranteed value is the value provided in art. 6.1.

**IX. Confidentiality clause**

**Art. 11**

1. The Parties undertake to treat all information, data and documentation that they have become aware of during the Contract and / or during the execution of this Contract as confidential information and take responsibility to keep them confidential.
2. The parties undertake to maintain the strict confidentiality and not to disclose confidential information to any third party, unless expressly permitted by this contract or with the prior written consent of the parties.
3. The following data, documents and information are exempted from the provisions of Art. 11 paragraph:

a) those for the disclosure of which the prior written consent of the other Contracting Party has been received;

b) those which at the date of their disclosure are in public circulation;

c) those requested by the competent bodies of the state, based on a legal obligation.

1. If one of the Parties violates the obligation of confidentiality regarding this Contract by disclosing to unauthorised third parties some non-public information, it shall be obliged to pay damages to the injured Party.
2. The provisions of paragraph (1) remain valid for 5 years after the termination of this Contract.

**X. Contractual liability**

**Art. 12**

Each Party shall be liable only for the performance and fulfilment of its contractual obligations, as stipulated in the contract, in compliance with the provisions of the applicable law.

The Central Counterparty is not responsible in any way for the execution of the obligations assumed by a participant through the transaction if the Central Counterparty refuses to accept the transaction.

**XI. Termination of the Contract**

**Art. 13**

1. This Contract shall terminate:
2. Lawfully, at the end of the Contract Validity Period;
3. In the event that one of the Parties ceases to hold the authorizations / licenses necessary for the execution of the obligations under this Contract. In all cases, the Party remains bound by the obligation provided in art. 3 paragraph (2);
4. in case of force majeure events prevent the Parties from fulfilling their contractual obligations under the Contract;

d) in the legal situation of the refusal of the Central Counterparty to accept the transaction or in case of bankruptcy, as the case may be, of the contracting parties.

1. The termination of this Contract shall have no effect on the contractual obligations assumed by the Parties and not yet performed.

**XII. Notifications**

**Art. 14**

1. The Parties agree that during the execution of this Contract, all notifications or communications between them shall be made in writing and sent by fax and / or e-mail, registered mail with acknowledgment of receipt, or by courier to the addresses indicated below:

For the CENTRAL Counterparty:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Head office: \_\_\_\_, \_\_\_\_\_\_\_\_\_, no. \_\_\_\_, county / district \_\_\_\_\_

Phone: +4 \_\_\_\_\_\_\_\_\_\_

Fax: +4 \_\_\_\_\_\_\_\_\_\_

General requests e-mail: \_\_\_\_\_\_\_\_\_\_

Person in charge of REMIT: \_\_\_\_\_\_\_\_\_\_

Person in charge of Invoicing: \_\_\_\_\_\_\_\_\_\_

Person in charge of Contracting: \_\_\_\_\_\_\_\_\_\_

For the BENEFICIARY:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Head office: \_\_\_\_, \_\_\_\_\_\_\_\_\_, no. \_\_\_\_, county / district \_\_\_\_\_

Phone: +4 \_\_\_\_\_\_\_\_\_\_

Fax: +4 \_\_\_\_\_\_\_\_\_\_

General requests e-mail: \_\_\_\_\_\_\_\_\_\_

Person in charge of REMIT: \_\_\_\_\_\_\_\_\_\_

Person in charge of GMOIS: \_\_\_\_\_\_\_\_\_\_

Person in charge of Invoicing: \_\_\_\_\_\_\_\_\_\_

Person in charge of Contracting: \_\_\_\_\_\_\_\_\_\_

1. If the notification is made by post, it shall be sent by registered letter with acknowledgment of receipt and shall be deemed to have been received by the addressee on the date indicated by the receiving post office on that acknowledgment.
2. Verbal notifications shall not be taken into account by either Party unless they are confirmed by one of the means provided for in the preceding paragraphs.
3. The change of the correspondence address of any of the Parties shall be notified according to the provisions of paragraph (1) above at least 5 (five) calendar days before it becomes effective, otherwise the notifications shall be considered validly communicated even in the case of the statement „addressee has changed address” or similar or in case of non-collection of the document by the recipient.

**XIII. Change of circumstances**

**Art. 15**

1. “Change of circumstances” means: entry into force, amendment of the text or interpretation of any legal requirement, rule, methodology or recommendation of an authority that was not in force at the time of signing this Contract.
2. The change in circumstances may include, but is not limited to: the introduction of new taxes or charges, a change in the methods of taxation or levying, an increase / decrease in any of the existing taxes and duties or a change in the methodology referred to on the date of concluding this Contract, regarding the substantiation or recommendation and / or application of the elements used to establish the Contractual Price; any change and completion of the Network Code for the National Transport System in force is also considered a change of circumstances within the meaning of this Contract.
3. In the event of a change of circumstances affecting the provisions of this Contract, the Parties undertake to sign an addendum reflecting that change.

**XIV. Force majeure**

**Art. 16**

1. The case of force majeure is that future, unpredictable and insurmountable event, which exonerates the Party invoking it from liability, in case of partial or total non-execution of the obligations assumed by the Contract, if it is invoked under the law.
2. The party invoking a case of force majeure is obliged to notify the other Party within 48 (forty-eight) hours from the occurrence of the event, followed by the submission of supporting documents within 5 (five) calendar days from the same date; the Party concerned shall also be obliged to take possible measures to limit the consequences of such a case.
3. The cases of Force Majeure shall be certified by the Chamber of Commerce and Industry of Romania.
4. If the force majeure does not end within 10 (ten) calendar days, the Parties have the right to request the rightful termination of the Contract, without any of them claiming damages.
5. The occurrence of a case of Force Majeure does not exonerate the Parties from the obligations due until the date of occurrence of the case of Force Majeure;

**XV. Applicable law**

**Art. 17**

1. This Contract, as well as the rights and obligations of the Parties resulting from its execution are subject to the Romanian laws in force.
2. The Parties agree that all disputes arising out of the interpretation, performance or termination of this Contract shall be settled amicably.
3. Otherwise, any dispute arising out of or in connection with this Contract, including with respect to its conclusion, execution or termination, shall be settled by the competent courts.

**XVI. Assignment**

**Art. 18**

Neither Party may assign to any third party, in any way, in whole or in part, its rights and / or obligations under this Contract.

**XVII. Final terms**

**Art. 19**

In case of change of legal form / judicial reorganization, the Parties undertake to communicate, within at most 5 (five) calendar days from this date, the taking over method of the mutual contractual obligations.

**Art. 20**

The parties undertake, in relation to each other, to hold throughout the Contract the approvals necessary for the fulfilment of the obligations stipulated in it.

**Art. 21**

The provisions of this Contract are completed with the provisions of the Civil Code, as well as with the other legal regulations in force. If one of the provisions of the Contract is invalid or inapplicable in any respect in accordance with applicable laws and regulations, the validity, legality and applicability of the other provisions of the Contract shall not be affected in any way and the Contract shall continue to be produces its effects. Invalid or unenforceable provisions shall be deemed to be substituted for an adequate and fair provision which, to the extent permitted by the law, is as close as possible to the intent and purpose of the invalid or unenforceable provision, to the extent that the Parties do not agree to their replacement by an addendum.

**Art. 22.**

The fact that one of the Parties does not, at any time, avail itself of any of the provisions of this Contract cannot be interpreted as a waiver of the right to avail itself of it later, does not constitute an amendment to this Contract and does not give rise to any right in favour of the other Party or a third party.

**Art. 23.**

The Parties declare that they have all the experience and knowledge necessary to conclude this Contract, that this Contract is concluded in full knowledge of its effects, knowing and fully understanding all legal, technical and commercial aspects related to the conclusion, execution and termination of this Contract.