

**Trading procedure issued on the basis of the Regulation on the organisation and
functioning of the electricity futures market organised by the Romanian Commodities
Exchange S.A.
Valid from 01.10.2022**

CHAPTER I: Purpose and scope

Art. 1

This procedure establishes the operational framework for electricity trading on the forward electricity contracts market, through electronic trading platforms managed by Bursa Romana de Mărfuri - S.A.

Art. 2

This procedure lays down provisions on:

- (a) specific trading requirements in the electricity futures market;
- (b) trading mechanisms for the electricity futures market;
- c) the conduct of trading sessions and the stages of the trading process;
- d) correlation of orders;
- e) post-trading and collateralisation methods for completed transactions.

Art. 3

This procedure applies:

- (a) participants in the forward electricity contract market;
- b) the Romanian Commodities Exchange - S.A., as operator of the forward electricity contracts market.

CHAPTER II: Definitions and abbreviations

Art. 4

(1) For the purposes of this procedure, the following terms shall have the following meanings:

- a) *Framework agreement with the counterparty* - the agreement to accept the clearing member;
- b) *broker* - the natural/legal person acting in the name and on behalf of a participant, whose main duties are to enter and maintain orders during trading sessions and who has the right to engage the liability of the participant he represents in relation to the Romanian Commodities Exchange - S.A.;
- c) *counterparty* - Bursa Română de Mărfuri - S.A., which acts as counterparty on the market according to the Regulation. The counterparty interposes itself, from a financial point of view, between the seller and the buyer, becoming the buyer for the seller, respectively the seller for the buyer, in order to ensure the settlement process of the transaction concluded on the market, on their behalf;

- d) *participation agreement* - a standard agreement defined by Bursa Romana de Mărfuri - S.A., concluded with a participant, which provides for the mutual rights and obligations of the parties regarding market participation, established following a public consultation process;
- e) *EFET contract* - framework contract for the sale and purchase of electricity established by the European Federation of Energy Suppliers, pre-agreed between market participants;
- f) *standard contract* - a sale/purchase contract specific to electronic trading, representing the total quantity of electricity in MWh of a sale/purchase order for the entire delivery period and delivery profile of a standardised product, resulting from multiplying the average delivery power over a settlement interval by the number of settlement intervals in the delivery period of that standardised product;
- g) *BRM standard contract* - bilateral contract on the sale and purchase of electricity established by the Romanian Commodity Exchange - S.A. for market participants, drawn up following a public consultation process;
- h) *clearing member* - a participant that has assumed compliance with the counterparty's regulations by signing the clearing member acceptance agreement in relation to transactions that are executed through the counterparty;
- (i) *order/offer to buy/sell* - an offer submitted by a participant, consisting of a price-quantity pair and other specific attributes defined for each individual product and representing the participant's firm commitment;
- j) *participant* - natural or legal person who buys, sells or produces electricity or who is involved in aggregation or who is a dispatchable consumer or an operator of energy storage services, who has the right to participate in the market according to the provisions of the Regulation on the organization and functioning of the forward electricity contracts market organized by Bursa Romana de Mărfuri S.A.;
- k) *transaction price* - the price at which the transaction was carried out, recorded and displayed by the trading system, expressed in RON/MWh or EUR/MWh;
- l) *best price* - price defined as the price of the trade order with the highest execution priority, i.e. the highest bid price or the lowest ask price of a tradable product;
- m) *procedure on the conduct of market participation* - specific procedure of the Romanian Commodities Exchange - S.A. for the application of the Regulation on the organization and functioning of the electricity futures market organized by the Romanian Commodities Exchange S.A., which contains provisions on at least the conduct imposed on market participants, the suspension of market access and the regime for the submission, administration and settlement of disputes and requests for cancellation of transactions, established following a public consultation process;
- n) *standardized product* - product defined within the trading system of the Romanian Commodities Exchange - S.A., according to the provisions of the Regulation on the organization and functioning of the electricity futures market organized by the Romanian Commodities Exchange S.A.;
- o) *trading report* - a statement issued by the trading systems of the Romanian Commodities Exchange - S.A. each participant for its own transactions, containing complete data on orders/offers placed and transactions concluded: report number, date of the trading session, name of the traded product, quantity per settlement interval and total traded, expressed in MW, delivery period, according to the traded product, identification number of each transaction, name of the winner of the opposite direction, quality of the participants in the transaction (seller/buyer), quantity traded, expressed in MWh and the price of each transaction, time stamp;

- p) *Counterparty Rules* - a set of rules that establish the settlement and collateral arrangements and the rights and obligations of clearing members and the counterparty in the process of trading through the counterparty;
- q) *Regulation* - Regulation on the organization and functioning of the electricity futures market organized by Bursa Română de Mărfuri S.A.
- r) *trading session* - the period of time during which the trading procedure can take place, during which buy and/or sell orders can be entered, modified, suspended or cancelled and trades can be concluded - if the matching conditions established by the algorithms of the trading systems are met;
- s) *trading systems* - information systems operated and managed by Bursa Romana de Mărfuri - S.A. for the purpose of carrying out transactions, which apply a set of rules and mechanisms for bidding, trading and dealing set out in this Procedure;
- t) *trade* - an operation concluded in the trading system following the matching of a bid and offer according to the specific algorithms of the trading systems.

(2) The definitions set out in paragraph 1 shall apply. (1) shall be supplemented by the definitions laid down in the Law on Electricity and Natural Gas No 123/2012, as amended.

Art. 5

The abbreviations used in this Regulation have the following meanings:

- a) *ANRE* - National Energy Regulatory Authority;
- b) *BRM* - Romanian Commodities Exchange - S.A.;
- c) *EFET* - European Federation of Energy Suppliers;
- d) *GTD* - order valid until the specified date, but no later than the expiry date of the standard product concerned;
- e) *GTSV* - order valid until the specified date and time, but no later than the expiry date of the standard product concerned;
- f) *GTC* - order valid until its effective cancellation, but not later than the expiry date of the standard product concerned;
- g) *Market* - the forward electricity contract market;
- h) *OTS* - transmission system operator;
- i) *DIO* - order valid in the current trading session, in which case the order is valid until the close of the trading session in which it was entered.

CHAPTER III: General rules

Art. 6

- (1) This Procedure shall apply to trading sessions for the standardized products described in the Regulation. Trading hours are Monday to Friday from 10.00 a.m. to 3.00 p.m. on business days.
- (2) Trading in standardised products shall be carried out on the basis of orders entered by participants according to the trading mechanism compatible with the post-trading mode chosen by the participant entering the initiating order.
- (3) Trading systems shall allow the following post-trading arrangements:

- a) the conclusion of the contract proposed by the initiating participant. This contract may provide for the counterparty facility as a means of settlement and collateralisation;
- b) conclusion of the pre-agreed EFET contract. The list of pre-agreed partners for EFET contracts shall be maintained on an ongoing basis by a participant in relation to the BRM and shall be approved in advance by the BRM. Each market participant shall designate a person who shall be responsible for updating the list of EFET pre-arranged partners;
- c) conclusion of the standard BRM contract;
- d) through the counterparty.

(4) Orders seeking execution of the transaction by the post-trading methods referred to in paragraph 1 shall be executed in accordance with the following procedure. (3)(a) and (b) shall be traded through the simple competitive mechanism set out in Chapter IV Section 1 of this Procedure.

(5) Orders seeking execution of the transaction by the post-trading methods referred to in paragraph 1 shall be executed in accordance with the following procedure. (3) lit. (c) and (d) shall be traded through the dual competitive mechanism set out in Chapter IV Section 2 of this Procedure.

Art. 7

(1) The BRM shall ensure the firmness of trades by collecting trade participation collateral and monitoring the completion of the trade according to the post-trade method initially selected.

(2) In the case of orders seeking execution of the transaction by post-trading methods referred to in Article 6 para. (3) (a), (b) and (c), in order to be able to register an order, participants shall deposit a security at the disposal of the BRM, which is automatically calculated by the trading system as the product of the quantity of electricity in the order, the price of the order entered into the trading platform (excluding VAT) and the 2% as a standard percentage, and this amount may be reduced following adjustments in relation to market developments and the needs of the participants, with their prior notification. In the case of orders traded using EUR as the trading currency, the platform automatically converts the currency at the exchange rate of the National Bank of Romania, as communicated on the day the trading order is registered.

(3) The guarantee provided for in paragraph. (2) may take one of the following forms:

- a) payment order;
- b) a letter of guarantee issued by a bank or non-bank financial institution.

(4) The guarantee lodged in accordance with paragraph 1 shall be (2) by participants on account of an order for which a transaction has been concluded shall remain at the disposal of the BRM until the electronic copy of the sale and purchase agreement signed by the parties to the transaction has been submitted to the BRM. The deadline for the transmission of the sale and purchase contract shall be no later than 5 business days from the trade date, but no later than 2 calendar days before the start of deliveries. Until its release, the collateral lodged on account of the order under which a transaction was concluded may not be used for collateral in the case of participation in the trading of another standardised product.

(5) The collateral lodged shall be enforced by the BRM in accordance with the provisions of the market conduct procedure in the event of failure to comply with the obligations referred to in paragraph 4.

- (6) Once the obligations laid down in paragraph 1 have been fulfilled, the following shall apply.
- (4), the collateral shall be made available to the participant, with the possibility of keeping it with the BRM, at the participant's request, for the purpose of registering future orders.
- (7) Securities shall be released within 3 working days from the date of submission of a written request, indicating, for those constituted by payment order, the account and bank where the amounts will be refunded.
- (8) In the case of orders seeking execution of the transaction by the post-trading method referred to in Article 5(5), the following shall apply (3) (d), only the collateral required by the counterparty's regulations shall be charged.
- (9) Parties may request the cancellation of erroneous trades resulting from human error as provided for in the market conduct procedure.

CHAPTER IV: Trading rules

SECTION 1: Competitive Outright Dealing Facility

Art. 8 - Launch of the standardised product for trading

- (1) The standardized product shall be launched for trading by any participant in accordance with the participation rules set out in the Regulation.
- (2) For the launch of trading of the standardised product, the participant shall submit to the BRM an initiating order in accordance with the model set out in the Annex to this Regulation, indicating at least the following elements:
- a) the name of the participant initiating the order and/or the authorised representative;
 - b) the name of the standard product as laid down in this Regulation;
 - c) the power (MW) and quantity of electricity (MWh) proposed for trading;
 - d) the proposed price at launch, to two decimal places;
 - e) the date and time at which the trading session is to be held;
 - f) the proposed contract, which will also contain the constant delivery profile (delivery schedule);
 - g) any other information and/or documents deemed necessary for the clarity and transparency of the tendering process.
- (2) The proposed price may be published with the initiating order or entered into the trading system at the beginning of the trading session at the option of the participant.
- (3) The initiating order as well as the other associated documents shall be transmitted in electronic format (e-mail or as an online form related to the trading software to a BRM representative).
- (4) The BRM reserves the right not to validate those initiating orders which are formulated in such a way that they obviously cannot be traded, for example: price and/or quantity manifestly disproportionate to a real trading intention, reasonably assessed by the BRM, product with delivery period prior to the initiation of the order, etc.a. In such cases, prior to the decision not to validate the order, the BRM shall request timely clarification from the originator of the order, and if the clarifications submitted and/or corrections to the order elements are not considered sufficient or complete, the order shall no longer be published for trading.
- (5) The BRM shall publish the initiating order and the accompanying documents/information at least 3 business days before the date on which the trading session has been scheduled.

(6) The date and time of the trading session will be agreed with a BRM representative prior to submission of documents.

Art. 9 - Stages of the trading process

The phases of the auction process are shown below:

(1) The simple competitive trading mechanism is carried out in 3 phases with respect to the following general criteria for order operations:

- A participant will only be able to enter orders on one direction, either sell or buy depending on their standing in the auction and the direction of the initiating order.
- The entry and modification of orders shall be validated by the trading system under the condition of the prior existence of the auction participation guarantee calculated by the trading system as a percentage of the value of the trading order multiplied by the quantity and the price of the order entered.
- When placing an order on the trading platform, the participant must select in the order ticket the meaning, the power per settlement interval and the price, the rest of the elements such as participant identity, product and order validity period being predefined by the trading system. The total quantity calculated in MWh is determined automatically by the trading system by selecting the power per settlement interval in MW from the order ticket.

PHASE I

(2) The Participant's order is automatically entered by the trading system at the opening of the auction, subject to the conditions of sense, i.e. buy/sell, quantity and price, in the initiating bid and cannot be cancelled or modified in quantity during the entire auction, including phases 2 and 3. The initiating Participant may not enter another order into the trading system irrespective of the meaning and attribute of the initiating order.

(3) At this stage the following operations are allowed with orders:

- price changes for the initiating order
- the introduction of orders contrary to the meaning of the initiating order
- price changes to improve the offer for orders contrary to the initiating order

(4) The following order operations and transactions are not allowed in this phase:

- conclusion of transactions
- cancellation of orders
- changes of order to decrease the quantity for orders contrary to the initiating order

PHASE II

(5) In this phase the following order and transaction operations are allowed:

- price changes for the initiating order

- the introduction of orders contrary to the meaning of the initiating order
- price changes to improve the offer for orders contrary to the initiating order
- conclusion of transactions

(6) The following operations with orders are not allowed in this phase:

- cancellation of orders
- changes to orders to decrease the quantity for orders contrary to the initiating order

PHASE III

(7) In this phase the following order and transaction operations are allowed:

- conclusion of transactions
- price changes for the initiating order

(8) The following operations with orders are not allowed in this phase:

- introduction of new orders
- amendments of any kind to orders contrary to the initiating order
- cancellation of orders

(9) With regard to the validity in time of orders, the option is predefined:

- "GTC", in which case the order remains active and executable until the close of the trading session, but no later than the expiry date of the relevant *product*.

(10) The duration of each bidding phase is predefined at 10 minutes. Changes to the duration of the phases shall be made following a request from the initiating participant, agreed by the BRM.

Art. 10. Correlation of orders

The order matching process is described below:

(1) For the initiating Participant's initiating sell order, the sell order shall be matched with a buy order of the same or higher price for the maximum quantity determined by the competing quantities mentioned in the two opposite orders at the best price of the buy order. To the extent that the matching conditions are met for more than two opposite offers, the matching order shall be determined chronologically according to the oldest time stamp.

(2) For sell orders entered by any Participant except the initiating Participant, the sell order shall be matched with an initiating buy order at the same or a higher price for the maximum quantity determined by the competing quantities mentioned in the two opposite orders at the price of the sell order.

(3) For the initiating Participant's initiating buy order, the buy order shall be matched with a sell order at the same or lower price for the maximum quantity determined by the competing

quantities mentioned in the two opposite orders at the best price of the sell order. To the extent that the matching conditions are met for more than two opposite offers, the matching order shall be determined chronologically according to the oldest time stamp.

(4) For buy orders entered by any Participant except the initiating Participant, the buy order shall be matched with an initiating sell order at the same price or at a lower price for the maximum quantity determined by the competing quantities mentioned in the two opposite orders at the price of the buy order.

SECTION 2: Dual competitive trading facility

Art. 11 - Launch of the standardised product for trading

(1) The release for trading of standardised products shall be at the initiative of and by the BRM as follows, so that there are available for trading at any time consecutive futures contracts for at least the following delivery periods:

- a) the first 4 weeks;
- b) balance of the month;
- c) the first 6 calendar months;
- d) the first 5 calendar quarters;
- e) the first 3 calendar semesters;
- f) the first 2 calendar years.

(2) The trading session through the dual competitive mechanism shall be conducted electronically.

Art. 12 - Launch of orders

(1) Orders entered by brokers, as of the opening time of the trading session, shall be validated only if they cumulatively meet the following conditions:

- a) the quantity per settlement interval, the price and the validity period of the order;
- b) the existence in the collateral account of an available amount greater than or equal to the amount of collateral required in the event of trading of the order.

(2) The items that are entered by the participant at the launch of the order are:

- a) the quantity of electricity (the total minimum tradable quantity is defined automatically for each individual product);
- (b) the price per product, to no more than two decimal places;
- c) the validity period of the order (optional); if not filled in, the system will automatically generate the end date of the trading session.

(3) Orders entered may be maintained by brokers as follows:

- a) change the price by a minimum bidding increment of 0.01;
- b) change of quantity per settlement interval;
- c) modification of the period of validity of the order.

Art. 13 - Order trading and matching

(1) Buy and sell orders will be automatically ordered on the trading platform according to the best price. In the event of a price tie, bids will be ordered by time stamp, with the earliest bids being displayed first. The timestamp is updated whenever the broker changes the price, quantity, validity or partial execution of an order.

(2) For sell orders, the sell order shall be matched with a buy order at the same or higher price for the maximum quantity determined by the competing quantities mentioned in the two opposite orders at the best price of the buy order. To the extent that the matching conditions are met for more than two opposite tenders, the matching order shall be determined in descending order from the best purchase price and, in the case of equal prices, in ascending order from the earliest time stamp.

(3) For buy orders, the buy order shall be matched with a sell order at the same or lower price for the maximum quantity determined by the competing quantities mentioned in the two opposite orders at the best price of the sell order. To the extent that the matching conditions are met for more than two opposite offers, the matching order shall be determined in descending order from the best sale price and, in the case of equal prices, in ascending order from the oldest time stamp.

CHAPTER V: Guarantee rules. Settlement and Counterparty Guarantee

Art. 14.

(1) The guaranteeing of the execution of transactions shall be carried out in the manner laid down in the contract governing each of the post-trading arrangements referred to in Article 6 (1). (3) (a), (b) and (c) respectively by the counterparty in the case of the post-trading mode provided for in Article 6 (3) (a), (b) and (c). (3) d).

(2) Transactions concluded under the post-trading mode provided for in Article 6 para. (3) a), where the contract provides for the counterparty facility as a means of settlement and collateralisation, may only be accepted by the counterparty if both participants whose orders have been matched fulfil the conditions of Article 16 of this Procedure and hold sufficient collateral as specified in Article 16 and the counterparty's rules, otherwise the transaction shall be cancelled. A trade accepted under the Counterparty Mechanism shall remain permanently in the Counterparty's system. At the end of each day, participants shall receive the daily post-trade report from the counterparty's system on their own transactions in the counterparty's system for reconciliation purposes. The counterparty shall keep daily risk records in accordance with the counterparty's regulations until all settlement obligations relating to the transaction have been closed out.

Art. 15

(1) Netting is a process of management and calculation of financial positions operated by the counterparty, based on which the amount of collateral to cover the risk of financial loss due to default on open positions resulting from transactions and the amount of payments/collections resulting from trading activity are determined. This process shall be carried out in accordance with the counterparty's regulations.

(2) Without prejudice to the role of the counterparty, the transactions carried out shall give rise to a firm obligation on the part of the selling participant to deliver electricity and a firm obligation on the part of the buying participant to take back electricity, respectively, in accordance with the characteristics of the products traded under this Regulation.

(3) The execution and collateralisation of transactions shall be carried out in accordance with the counterparty's regulations. In order to benefit from the services of counterparty trading, participants must sign the framework agreement with the counterparty, which requires the cumulative fulfilment of the following conditions:

- a) meet the requirements set by the counterparty;
- b) meet the conditions laid down in the Regulation for participation in the electricity futures market;
- c) provide the collateral required by the counterparty;
- d) adhere to the provisions of the counterparty's regulations.

(4) Collateral shall be calculated according to algorithms established by the counterparty and is intended to financially support each transaction of a participant. For the calculation of the collateral required when trading an order, the BRM sets a level of variation of the price of the order entered during a trading session, calculated in relation to the daily settlement price of the previous day, calculated according to the counterparty's rules, corrected in case of high volatility by the variation during the trading session. For clarity BRM will take into account at the time of placing an order cumulatively the required collateral consisting of initial margin and variation margin as defined in the counterparty's regulations.

(5) The BRM shall calculate the collateral required to trade the order according to the level of variation of the price referred to in paragraph 2 above, in accordance with the calculation algorithm laid down by counterparty regulations.

(6) The counterparty may require additional collateral for the trading of an order, following the assessment of the counterparty's risk department, if according to the trading history of that participant, the order exhibits significant deviations from the previous trading pattern, which implicitly makes it impossible to predict the financial capacity of that participant to execute the trade resulting from that order.

(7) The Counterparty shall submit to the OTS the physical notifications relating to the participants in each transaction as the balancing party for transactions accepted by the Counterparty.

Art. 16

Electricity trading with associated clearing and settlement services through the counterparty only involves the financial risk that occurs when a member fails to meet its obligation to deposit collateral on time or breaches the settlement rules. In this case, the counterparty will suspend the clearing and settlement services and start to mobilise available collateral according to the counterparty's rules. Entitlements may only be reinstated once the participant concerned has fully met its obligations or in accordance with the sanctions imposed by the counterparty.

Annex to the Procedure

Model order Initiator

Standard product_unique no.

Ordinary meaning: Sale/purchase

Participant	
Standardized product	
Power (MW)	
Quantity (MWh)	
Starting price	
Delivery period	
Other clarifications	
Proposed date and time of the trading session	

Client:

(Name, first name)

Vizat

(Authorised signature)