

# Regulations on Clearing, Settlement, and Risk Management of the Romanian Commodities Exchange as a Central Counterparty

effective as of April 6, 2026

## CHAPTER I – GENERAL PROVISIONS

### Article 1 – Purpose of these Regulations

1. These Regulations set forth the manner in which the BRM shall perform the Services for the obligations assumed by the CCP under the Contracts.
2. As a Central Counterparty, the RCM:
  - (i) Guarantees to MCs holding registered Positions the fulfillment of the financial obligations associated with such Positions, from the moment of registration until their closure;
  - (ii) Simultaneously assumes the role of buyer for the seller and the role of seller for the buyer in Transactions, through a legal novation.
3. For products traded on markets administered by BRM, these Rules are issued in accordance with the provisions of ANRE Presidential Order No. 105/2018 approving the General Rules on centralized natural gas markets, as subsequently amended and supplemented, of the Rules on the organized trading framework for standardized products on the centralized natural gas markets administered by Bursa Română De Mărfuri (Romanian Commodities Exchange) S.A., approved by ANRE Presidential Order No. 95/2021, as amended by ANRE Presidential Order No. 77/2023, as subsequently amended and supplemented, and of the Trading Procedure on centralized natural gas markets administered by the company Bursa Română de Mărfuri (Romanian Commodities Exchange) S.A., subject to the use of a clearing house/counterparty.
4. For products traded on markets administered by BETP, these Rules are issued in accordance with the Bulgarian Energy Act promulgated by SG No. 107/9.12.2003, as subsequently amended and supplemented, and with the Market Rules of the Bulgarian Energy Trading Platform AD approved by the EWRC in accordance with Protocol No. 256 of 08/09/2023 and published in the State Gazette, Issue 71 of 08/18/2023, as subsequently amended and supplemented.

### Article 2 – Definitions and Interpretation

1. Unless the context otherwise requires, the following terms and expressions used in these Rules, written in capital letters, shall be defined as follows:
  - (i) MC Acceptance Agreement – Framework Agreement for Acceptance of Clearing Member Status, a contract in accordance with the provisions of the Regulation, concluded between BRM and an MC, through which both Parties accept the provisions of this Regulation;
  - (ii) Supporting Asset – natural gas transported in the TSO's transmission system;
  - (iii) ANRE – the National Energy Regulatory Authority;
  - (iv) Margin Call – the amount that the CM is required to deposit into the Account to supplement the Account balance to at least the Risk Limit;
  - (v) BETP - Bulgarian Energy Trading Platform AD, a legal entity organized as a joint-stock company with a single-tier management structure, registered under the commercial law of the Republic of Bulgaria, with its registered office and management address at 5 Budapeshta Street, Sofia 1000, Bulgaria, and UIC 205730852. BETP is a subsidiary of BRM and has designated BRM as the Clearing House for transactions executed on Spot Bulgaria and the Bulgarian Market.
  - (vi) BRM - Romanian Commodities Exchange S.A., with its registered office in Bucharest, 82-94 Buzești Street, 7th Floor, Sector 1, Commercial Registry No. J40/19450/1992, VAT ID RO1562694;
  - (vii) Cascading – a mechanism that ensures the division of a Contract with delivery periods longer than one month and the replacement of the Initial Position with Positions in sets of Contracts with relatively shorter maturities (3 months for a quarter, the first 3 months and 1 quarter for a season/semester, and

- for a year, the first 3 and last 3 quarters) totaling exactly the quantity of the Underlying Asset from the initial Contract and maintaining exactly the price from the Transactions related to the initial Contract. The procedure replaces the initial Position, generating new Positions with shorter maturities;
- (viii) Contract – represents a standard type of contract in the dematerialized Forward form available on the Market and accepted in accordance with these Regulations to benefit from Services. References to a Contract shall refer to all Contracts of the same type concluded based on Transactions;
  - (ix) Account – a technical account, opened, allocated, and managed by BRM for each MC, through which BRM keeps track of the MC’s Collateral, rights, and obligations based on the Services they receive. Separate Accounts will be opened for trading on the Romanian Market and the Bulgarian Market;
  - (x) Cash Account – a bank account opened by each CCP and over which BRM has direct debit rights for the Romanian Market and over which BRM/BETP has direct debit rights for the Bulgarian Market;
  - (xi) Central Counterparty – the role assumed by BRM whereby it interposes itself through a novation process in a Transaction, becoming a common buyer for sellers and a common seller for buyers, in connection with the Positions registered in the Clearing Platform;
  - (xii) EWRC – Bulgarian Energy and Water Regulatory Commission;
  - (xiii) Guarantee Fund – a common fund into which the individual contributions of the MC and the BRM are collected, providing the resources necessary for the proper functioning of the clearing and settlement mechanism for Transactions in the event of the MC’s failure to meet its financial obligations;
  - (xiv) Forward – a forward contract that establishes a transaction involving the delivery of the Underlying Asset, in a specified quantity, during a predefined Delivery Period, at a price set at the time of the transaction;
  - (xv) Collateral – cash collateral, a Bank Guarantee Letter, and/or an Escrow Account in accordance with *Instruction 1 on Collateral Intended to Cover Financial Risks*, which is part of these regulations, used by the MC to cover financial risks vis-à-vis the BRM, including, but not limited to, Margins;
  - (xvi) Position Replacement – a mechanism through which BRM intervenes in the event of non-compliance with the Risk Limit and failure to meet a Margin Call and/or failure to deliver/pay for natural gas by an MC, by offsetting through transactions on the short-term and/or medium- and long-term markets administered by BRM or, respectively, BETP, or through bilateral contracts, of the defaulting MC’s position;
  - (xvii) Instruction – a set of specific rules issued by BRM for the purpose of applying the provisions of this Regulation, being an integral part of this Regulation;
  - (xviii) Risk Limit – The required margin calculated by BRM to cover the exposure of all Positions;
  - (xix) Margin – Method of recording the collateral blocked in an MC’s Account, a technical account managed by BRM, for the purpose of ensuring risk management at the Counterparty level.
  - (xx) Physical Delivery Margin – The margin required to cover the financial risk associated with the Counterparty’s replacement cost of open Positions related to Contracts entering the Delivery Period and in connection with the financial risk of non-delivery/non-payment of the Underlying Asset under the Contract;
  - (xxi) Variation Margin – The margin required to cover the risk of Positions related to daily market movements, resulting from changes in the Daily Settlement Price;
  - (xxii) Initial Margin – The margin required to record a Transaction for each Contract, to cover the risk arising from the open Positions related to that Transaction;

- (xxiii) MC – Clearing Member – an entity that meets the admission requirements established by BRM and has entered into the MC Acceptance Agreement, through which it is authorized by BRM to benefit Services and acts as a participant in the Romanian Market and/or the Bulgarian Market;
- (xxiv) Market Operator – BRM or, respectively, BETP, in its capacity as Market Operator;
- (xxv) OTS Bulgaria – the Transmission System Operator in Bulgaria, namely Bulgartransgaz EAD;
- (xxvi) OTS Romania – the Transmission System Operator in Romania, namely SNTGN Transgaz SA;
- (xxvii) Delivery Period – means the period during which the Underlying Asset must be physically delivered by a seller to the buyer, pursuant to a Contract;
- (xxviii) Market – means the Romanian Market or the Bulgarian Market, as applicable;
- (xxix) Bulgarian Market – the long-term (Forward) segment of the natural gas market organized by BETP in accordance with License No. L-533-11 dated March 25, 2021, for the operation of the natural gas exchange, issued by EWRC;
- (xxx) The Romanian Market - the market for standardized medium- and long-term products, through the electronic trading platforms administered by Bursa Română de Mărfuri (Romanian Commodities Exchange) S.A., in its capacity as a licensed operator of centralized natural gas markets. The market includes all transactions on the Romanian Clearing Market and transactions transferred to Central Counterparties in accordance with the rules applicable to the Main Market.
- (xxxi) The Main Market in Romania – The electronic platform administered by BRM in accordance with  
*“Procedure for the Organization and Operation of the Market for Standardized Medium- and Long-Term Products Administered by the Romanian Commodities Exchange (Bursa Română de Mărfuri) S.A.”*
- (xxxii) The Romanian Clearing Market – The electronic platform administered by BRM in accordance with  
*“Procedure for trading on the medium- and long-term centralized natural gas markets administered by the Romanian Commodities Exchange (BRM) S.A. under the conditions of using a Clearing House/Counterparty.”*
- (xxxiii) Clearing Platform – the computerized system that enables the recording of Transactions concluded on the Market or through bilateral contracts, as well as the netting and closing of Positions, administered by BRM, including the communications network that enables interaction between BRM, BRM, or BETP in its capacity as Market Operator and the Clearing Member;
- (xxxiv) Position – a set of rights and obligations related to a Transaction registered on the Clearing Platform;
- (xxxv) Daily Settlement Price – a price defined by BRM and established by a specific Instruction, based on the prices of the Underlying Asset recorded in the markets administered by BRM or BETP. For the avoidance of doubt, BRM may establish a different Daily Settlement Price for the Romanian Market and, respectively, for the Bulgarian Market;
- (xxxvi) Daily Schedule – a phased schedule for the conduct of a Day, including deadlines for fulfilling various obligations, established by BRM through a specific Instruction;
- (xxxvii) Regulations – These regulations governing the manner in which BRM provides the Services in its capacity as a Central Counterparty, as well as the obligations assumed by the CCP in connection with these Services;
- (xxxviii) Authorized Representative – a natural person designated to represent a CCP with full authority in its relationship with BRM, for the purposes of the Services;
- (xxxix) Services – means a service or a set of services offered by BRM in accordance

with the Regulations. These services may include the registration of Transactions, the administration of Collateral, risk management, clearing and settlement, as well as various combinations of BRM's obligations. BRM may delegate the settlement of payments related to transactions, the collection of collateral, margin calls, and fees to BETP as a third-party provider on behalf of BRM for Spot Bulgaria and the Bulgarian Market;

- (xl) Daily Account Statement – an analytical statement of the Account made available to the MC by BRM, comprising the balance, Risk Limit, available for Transactions/Margin Calls, available cash, and fees;
- (xli) Spot Bulgaria – a contract defined in the BETP Market Rules as referring to a product in the short-term (Spot) segment;
- (xlii) Fees and Commissions – the amount charged by BRM for the provision of Services. The list of Fees and Commissions is set forth in a specific BRM Instruction;
- (xliii) Transaction – a sale or purchase of the Underlying Asset based on a Contract that gives rise to a Position, following registration on the Clearing Platform;
- (xliv) Website – <https://brm.ro/>;
- (xlv) Day – a day on which the Services are available.

2. In these Rules:

- (i) Headings and subheadings are included solely to facilitate the reading of the Regulation and shall not be taken into account in its interpretation;
- (ii) the singular form of defined terms includes the plural form and vice versa, unless the context indicates otherwise;
- (iii) Any reference to a statutory provision or applicable legislation includes its current amendments, subsequent to the date of these Rules.

**Article 3 – Contracts Admitted to the Clearing and Settlement System**

1. MCs may benefit from Services in connection with the following Contracts concluded on the Romanian Market and the Bulgarian Market, in accordance with the product specifications of each Market:
  - Weeks
  - Months
  - Quarters
  - Gas Season
  - Semester
  - Calendar Year
  - Gas Year
2. Notwithstanding this Regulation, BRM provides Spot Services in Bulgaria, as regulated by the BETP Market Regulation.
3. Contracts for a quarter, semester, gas year, and calendar year are cascaded into quarterly or monthly contracts, as applicable, a process that allows for the re-trading of open positions that have not yet matured.
4. To the extent permitted by trading rules, Contracts shall be concluded when MC supply and demand are matched on the Market, without the need to enter into a physical sale-purchase contract. The terms and conditions governing the Contracts are those provided for in the standard products approved by ANRE or EWRC for each Market, respectively, and the financial settlement and guarantee of MC's performance shall be carried out in accordance with these Rules.
5. All Contracts listed in this Article have the following characteristics:
  - physical delivery in a constant daily profile of 1 MWh/day or a multiple thereof
  - physical delivery in “PVT,” in accordance with ANRE or EWRC regulations, respectively

- a standard, non-modifiable delivery period, as per the transaction
6. Method for determining the total volume in MWh to be delivered/received under Contracts concluded on

The calculation is as follows:

Volume for 1 Contract = 1 MWh/day \* number of delivery days in the delivery period

Volume for "x" Contracts = "x" MWh/day \* number of delivery days in the delivery period

*Where "x" = number of MWh to be delivered/received on each day of the delivery period and "x" is a multiple of 1*

## **CHAPTER II – ADMISSION OF MC INTO THE SETTLEMENT SYSTEM**

### **Article 4 – General Conditions for Admission of MCs**

1. In order to be admitted to benefit from Services, the MC must meet, at the time of admission and/or throughout the duration of its status as an MC, as applicable, the following conditions:
  - (i) Maintain the status of Market Participant;
  - (ii) Signing the MC Acceptance Agreement;
  - (iii) Participation in the Guarantee Fund;
  - (iv) Meeting the minimum technical and human resource requirements necessary to fulfill the obligations under these Rules;
  - (v) Payment of the Clearing Member Fee.
2. The Clearing Member's application file to access services shall include:
  - (i) proof of participant status in the markets administered by BRM or BETP;
  - (ii) proof of the establishment of Guarantees, payment of the Clearing Member Fee, and payment of contributions to the Guarantee Fund;
  - (iii) the signed MC Acceptance Agreement, either through the Convention on Participation in the energy markets administered by BRM or directly by BETP members.
  - (iv) the letter of appointment of the Authorized Representative in relation to BRM.

## **CHAPTER III – RIGHTS AND OBLIGATIONS OF THE MC**

### **Article 5 – Rights of the MC**

1. MCs shall have the following rights:
  - (i) To acquire the status of BRM counterparty for registered Transactions;
  - (ii) To participate in the following operations:
    - a) Clearing/settlement of Positions;
    - b) Management of Collateral;
    - c) Closing of Positions.
  - (iii) To obtain information regarding the management of its own Positions and obligations assumed toward BRM. To have access each Day to complete information regarding the daily status of its Account managed by BRM based on the report provided by BRM.
  - (iv) To benefit from the clearing/settlement and risk management mechanism for positions assumed through BRM's capacity as a Central Counterparty, which acts to eliminate financial risks associated with MC transactions by establishing an appropriate management framework based on these Regulations.
  - (v) To identify and request that BRM correct any errors regarding the Account statement issued by BRM and/or the settlement status in the Escrow account for an MC within a maximum of 24 hours of receiving the daily report and/or the reported settlement event. The resolution

period for BRM is 72 hours from receipt of the notification and the corresponding adjustment by BRM, if applicable.

- (vi) To unilaterally terminate the MC Acceptance Agreement and, implicitly, the status of MC, with 30 days' notice.
2. MCs shall have the following obligations:
- (i) To provide Collateral in accordance with these Regulations;
  - (ii) To fulfill its financial obligations, including payment of the negative balance arising from the recorded Positions and payment of the Fees and commissions related to the Services;
  - (iii) To respond to the Margin Call immediately, but no later than the start of the next Day, by depositing the amount corresponding to the Margin Call into the Available Account. If the amount is not deposited within the aforementioned timeframe, the amount corresponding to the Margin Call will be debited from the Available Account via direct debit.
  - (iv) In the course of their activities, they shall adhere to appropriate standards of conduct, namely:
    - a) they shall meet the highest standards of diligence, integrity, and transparency;
    - b) they shall act in accordance with the highest standard of professional competence;
    - c) refrain from any action or conduct likely to jeopardize the proper functioning, transparency, and credibility of the activities carried out on the Market and by BRM in accordance with these Rules;
    - d) immediately report any unusual situation they encounter that causes or could cause a disruption in the clearing and settlement mechanism of that CCP;
    - e) ensure that they have permanent access to sufficient financial resources to cover future obligations that may arise from Transactions;
  - (v) Maintain accurate, complete, and up-to-date technical records of Transactions and allow BRM access to these records, upon request, as well as to the MC's audited financial statements;
  - (vi) Provide BRM with the reports received from the Commercial Dispatching Platform (CDP) organized by the Bulgarian TSO, which demonstrate to BRM's satisfaction, at BRM's discretion, that the participant is not subject to imbalance at the opening of the trading or delivery day;
  - (vii) Cooperate with BRM regarding requests for information on the economic and financial situation, within 10 days of the request; BRM's request for information is strictly related to the assessment of an MC's financial soundness for the purpose of the annual or periodic evaluation conducted by BRM to determine the MC's financial soundness.
  - (viii) To immediately report any situation that comes to the MC's attention and that could constitute a violation of this Regulation;
  - (ix) To ensure that any obligations, payments, guarantees, or arrangements related to the status of MC are not and will not under any circumstances be contingent upon or linked to any other contract, whether entered into or to be entered into, are not encumbered by any lien, and that no third party may assert any rights with respect thereto;
  - (x) Ensure compliance with all obligations under these Regulations.
3. MCs shall act exclusively in their own name. The suspension or exclusion of an MC does not relieve it of its obligations to BRM.

## CHAPTER IV – OPERATIONAL ASPECTS

### Article 6 – MC Account

1. The obligations assumed by the MC arise as a result of the registration of Transactions.
2. To record Transactions, CCPs shall maintain a dedicated Account in the Central Counterparty's IT system where Transactions will be recorded.

BRM acts as the Central Counterparty for Transactions concluded on the Market and for bilateral transactions, subject to BRM's express acceptance, from the moment a Transaction is recorded on the

Clearing Platform. Transactions executed on the Romanian Clearing Market are instantly recorded on the Clearing Platform. For transactions originating from the Main Market in Romania or the Market in Bulgaria, or for bilateral transactions, the time of registration on the Clearing Platform occurs after the transaction is concluded, specifically upon acceptance/entry into the Clearing Platform.

3. An MC's account is characterized by:
  - (i) The Account Balance, which is debited or credited at the end of each Day, based on deposits or withdrawals of funds, on Transactions executed by that MC, as well as based on Mark-to-Market, which affects the account balance even if that MC has not executed any Transactions on that day, provided that it holds Positions.
  - (ii) Open positions, which represent the difference between the number of contracts bought and sold, are calculated for each Contract, and the risk covered by the Single Margin per Contract is calculated based on these positions.
  - (iii) The total number of Positions related to Transactions concluded, either as a buyer or as a seller, based on which the risk covered by the Variation Margin is calculated.
  - (iv) The number of Positions entered into the Delivery Period, corresponding to Transactions concluded, either as a buyer or as a seller, and reaching maturity in accordance with the relevant Contract, based on which the risk covered by the Delivery Margin is calculated.

#### **Article 7 - Positions**

1. For the purpose of calculating the exposure for each MC, each Transaction is recorded in the Accounts of both MCs party to that Transaction, according to the Position each holds in the Contract (buyer or seller). If a transaction is assigned by a CCP on the Main Market, BRM will assume the Position on its own behalf for the transaction participant that is not a CCP, opening a dedicated technical account for risk accounting purposes at the Central Counterparty level.
2. For each MC, the number of Positions and financial exposure are calculated daily, separately for each type of Contract, with separate recording for the sell side and the buy side. The difference between the number of Transactions concluded as a buyer and the number of Transactions concluded as a seller under the same Contract represents the number of open Positions on that Day.
3. Until the Contract for which a Position is open enters the Delivery Period or the Position is closed, it will be recorded as open from a financial standpoint. An open position may be closed by netting, prior to the start of the Delivery Period, by recording a transaction of the opposite direction, with the same quantity of the Underlying Asset, at the same transaction price, and for the same Contract.
4. Positions will be closed by offsetting only from a financial standpoint; they remain open from a physical standpoint. Positions may be closed from a physical standpoint only through the physical delivery of the Underlying Asset, or through settlement.
5. BRM may cancel a Position on its own initiative, after notifying the MC in advance, when:
  - (i) The Position in question results from a technical issue or a manifest error, particularly in the event that a Transaction was executed at a price that is clearly outside the Market price;
  - (ii) In accordance with its own reasonable decision, justifiably and by providing the MC with supporting evidence, to the extent that it considers that the Position in question was opened in violation of the obligations under this Regulation or the BETP Market Regulation regarding trading conduct, or at the request of the TSO or the authorities. This decision shall be taken primarily in cases of violation of the provisions of Regulation (EU) No. 1227/2011 of the European Parliament and of the Council of October 25, 2011, on wholesale energy market integrity and transparency (REMIT), as referred to in Article 6 of the Regulation on the detection, notification, and sanctioning of violations of regulations issued in the energy sector, approved by ANRE Order No. 62/2013, as amended. A guidance document on situations constituting such violations can be consulted at

[https://documents.acer-remit.eu/wp-content/uploads/20190627\\_4th-Edition-ACER-Guidance\\_4thupdate.pdf](https://documents.acer-remit.eu/wp-content/uploads/20190627_4th-Edition-ACER-Guidance_4thupdate.pdf) or in subsequent editions of this document.

6. BRM will immediately inform the MCs affected by the cancellation of the Positions.

#### **Article 8 – Financial Settlement of Transactions, Financial Clearing, and Physical Settlement**

1. Settlement of Transactions is performed daily, based on the records maintained by BRM for each MC, depending on the Positions held by them. Clearing results in the financial closing of Positions for the purpose of adjusting Margins accordingly. Physical settlement of Positions does not occur; they are to be physically closed exclusively through the delivery/receipt of the Underlying Asset in accordance with the relevant Contract.
2. Settlement of price payments under Transactions is executed during the Delivery Period, based on records maintained by BRM for each MC, depending on the Transactions concluded by them, for each type of Contract. Settlement is performed on a daily basis, and the invoice related to the settlement is issued monthly.
  - a) The nomination to the TSO shall be based on the recorded Transactions, regardless of the financial settlement of the associated Positions. Responsibility for physical delivery operations and imbalances recorded with the TSO lies with the MC. BRM assumes no liability whatsoever for potential imbalances recorded with the TSO resulting from the failure to take delivery of or deliver the Underlying Asset caused by the respective MC. The risk of total and/or partial physical non-delivery arises when the Participant fails to deliver the traded quantity of natural gas under the established terms. In this case, the Central Counterparty does not act as a guarantor for the physical non-delivery, but retains the seller's guarantees in order to manage the so-called "replacement risk" of the undelivered natural gas.
  - b) If, after the transaction is executed, the seller fails to fulfill its delivery obligation (in whole or in part), the Central Counterparty will initiate a process to replace the positions corresponding to the undelivered volumes and will bear any price differences, in accordance with the provisions of the BRM's Clearing, Settlement, and Risk Management Regulation.
  - c) If, after the transaction is executed, the buyer fails to fulfill its obligation to take delivery (in whole or in part) of the volume of natural gas that was the subject of the transaction, the Central Counterparty shall initiate a process to replace the Positions corresponding to the uncollected volumes and shall bear any price differences, in accordance with the provisions of the BRM Clearing, Settlement, and Risk Management Regulation.

#### **Article 9 - Mark-to-Market**

Mark-to-market represents the updating, based on the Daily Settlement Price at the close of the Day, of the exposure from Transactions, with the favorable/unfavorable differences resulting from the revaluation at the Daily Settlement Price of Transactions from the current Day and/or previous Days. The favorable/unfavorable differences per Contract result from multiplying the difference between the price of each Transaction on that Contract and the Daily Settlement Price by the quantity of the Underlying Asset and the number of Transactions.

#### **Article 10 - Margins**

1. Margins are due as a result of the obligations assumed by the MC toward the BRM, including the opening of Positions, and are intended to cover the BRM's risk in the event that the obligations arising from such Positions are not fulfilled. Margins shall apply to both the Romanian Market and the Bulgarian Market.
2. The margins are of the following types:
  - (i) Initial Margin;
  - (ii) Variation Margin;

(iii) Physical Delivery Margin.

3. Margins are covered by Collateral provided by the MC in favor of the BRM.
4. Margins are offset, in accordance with the criteria set forth in these Regulations, for the purpose of adjusting the Collateral to the MC's transaction risk.

#### **Article 11 – Initial Margin and Its Offsetting**

1. The reference value of the Initial Margin for each Contract is set by BRM based on statistical criteria reflecting the risk and price volatility of each Contract and is a fixed amount in lei. This value is calculated and published by BRM for each Contract and is recalculated and published monthly. In cases of high volatility or significant price changes, the value will be recalculated on a weekly basis. Initial Margin values are communicated via Instructions.
2. The Initial Margin is automatically withheld when a trading order is placed on the Market until the order is executed or canceled.
3. If the order is executed, resulting in a Trade, the Initial Margin is maintained for the entire period during which there are open Positions on a Contract, and then for the entire Delivery Period associated with the Contract.
4. For each MC, offsetting between opposite Positions will be performed at the level of each Contract, with the Initial Margin calculated and required based on the open Positions.
5. The Initial Margin is obtained by multiplying the number of open Positions by the Initial Margin Reference Value applicable to the respective Contract.
6. The Initial Margin for one type of Contract is not offset against the Initial Margin for another type of Contract.
7. BRM will calculate, for each Account individually, the cumulative Initial Margin as the sum of the Initial Margins.
8. If the number of open Positions on a Contract is zero (0) or there are no Transactions associated with a Contract, the Initial Margin will not be calculated, and its value is implicitly 0 (zero).
9. The Initial Margin is offset against the Variation Margin for each Contract.

#### **Article 12 – Variation Margin and Its Offsetting**

1. The Variation Margin is calculated only for the period between the Day a Transaction is recorded in the Clearing Platform and the Day preceding the Delivery Period. Two (2) Days before the start of the Delivery Period, the effect of the Variation Margin on the Account balance is canceled. If the Variation Margin has a negative value, its amount shall be added to the Physical Delivery Margin.
2. For each Contract, a Daily Mark-to-Market will be performed for each executed Transaction by comparing the price of each Transaction with the Daily Settlement Price, resulting in a positive or negative exposure, depending on the direction of the Transaction (buy or sell) and the positive or negative difference between the Transaction price and the Daily Settlement Price. The Mark-to-Market will be performed for all Transactions recorded on a Contract, regardless of the number of open Positions on that Contract.
3. The exposure calculated in accordance with paragraph 2 for each Transaction shall be multiplied by the quantity of the Underlying Asset traded under that Contract, for each of the recorded Transactions.
4. To determine the Variation Margin per Contract, the algebraic sum of the values recorded for each Transaction related to that Contract in accordance with paragraph 3 shall be calculated.
5. If the Variation Margin per Contract is positive, it shall be offset against the Initial Margin per Contract, without their algebraic sum exceeding zero (0).

#### **Article 13 - Physical Delivery Margin and Its Offset**

1. The Physical Delivery Margin is calculated and applied two (2) Days prior to the start of the Delivery Period. It is maintained throughout the Delivery Period and is progressively released during the Delivery Period, depending on the reduction of risks, in accordance with the specific BRM Instruction.

2. The Physical Delivery Margin is calculated by multiplying the reference value of the Initial Margin applicable at the time of calculation for the respective Contract by a risk multiplier equal to two (2) for Open Positions entered into the Delivery Period on the respective Contract and by the total number of Open Positions related to the respective Contract.
3. Physical Delivery Margins are not offset against each other for Contracts with overlapping Delivery Periods (Week and Month), regardless of any open positions in opposite directions on that Contract.
4. The cumulative Physical Delivery Margin is calculated as the sum of the Physical Delivery Margins for each Contract.
5. Physical Delivery Margin records per Contract and cumulative Physical Delivery Margin are tracked separately within the MC Account.
6. The Physical Delivery Margin and the cumulative Physical Delivery Margin are not offset against the Variation Margin.

#### **Article 14 - Calculation of the Account Balance**

To record a Transaction in the Account, the Account balance must be sufficient to cover the turnover resulting from the execution of Contracts up to the Risk Limit, plus Fees and Commissions related to the execution of the Transaction associated with that Contract. The elements of the Account will be detailed in an Instruction.

- (i) **Account Balance** = Total Collateral Deposited (*where the Account Balance may be a positive (+) value or 0*)
- (ii) **Risk Limit** = Cumulative Initial Margin + Cumulative Variation Margin + Cumulative Delivery Margin
  - i. *where:*
    1. *The cumulative Initial Margin may have a negative (-) value or 0*
    2. *The Cumulative Variation Margin may have a negative (-) or 0 or positive (+) value; if there are positive Variation Margins per Contract, they will be adjusted to the maximum compensation level in accordance with Article 12 for the purpose of calculating the Cumulative Variation Margin.*
    3. *The cumulative Physical Delivery Margin may have a negative (-) or 0 value*
  - ii. *If the Risk Limit is negative, it indicates a need for additional collateral*
- (iii) **Margin Call** = the need for additional collateral, i.e.,  $(1) + (2) < 0$ .  
*The Margin Call amount is  $(1) + (2)$ .*
- (iv) **Trading Limit** = the situation where Collateral exceeds the Risk Limit  $(1) + (2) > 0$ . *The Trading Limit is  $(1) + (2)$*
- (v) **Available cash** = funds in the account balance deposited in cash and not tied up in margin collateral. *Exists only if  $(1) + (2) > 0$ .*
- (vi) **Fees and commissions.**

#### **Article 15 – Transaction Cash Balance/Margin Call**

1. During the period between the recording of a Transaction and the Delivery Period, the Variation Margin changes depending on the variation in the Daily Settlement Price, affecting the Account balance. BRM ensures that during this period the Account balance does not fall below the Risk Limit.
2. If the difference between the Account Balance and the Risk Limit is negative, the MC shall be required to deposit, no later than the start of the following Day, an additional amount into the Available Funds Account to bring the Account Balance up to at least the Risk Limit, referred to as a Margin Call. The amount corresponding to the Margin Call will be debited via direct debit by BRM.
3. The Trading Limit, or Margin Call, is calculated for the entire balance of the MC Account and includes the results of marking to market the Positions of all Transactions recorded in that Account. The Trading Limit, or Margin Call, is specified at the end of the Day in the daily trading report provided by BRM to the MC.

4. If an MC's account is subject to a Margin Call and the MC fails to respond to the Margin Call within the timeframe specified in paragraph (2), BRM has the right to forcibly close the open Positions of the MC in question, without further notice.
5. While the Margin Call is in effect, the Clearing Platform will no longer allow the relevant MC to enter new Transactions, but only to close open Positions. To enter new Transactions, the MC must respond to the Margin Call or reduce its exposure below the Risk Limit by closing open Positions.
6. BRM is responsible for enforcing measures related to the Margin Call. Failure to comply with the obligation to respond to the Margin Call entitles BRM to suspend the respective MC from the clearing and settlement system.
7. A Clearing Member's Margin Call cannot be covered by BRM using Margins deposited by other Clearing Members.

#### **Article 16 - Transfer of Funds to and from the Account**

1. The MC may dispose of the amounts representing the Account Balance and Collateral, respectively, in accordance with the provisions of these Regulations. The maximum amount that may be withdrawn from the account is equal to the Available Cash in lei, calculated daily in accordance with the provisions of Article 14 and expressly specified in the Daily Account Statement.
2. Transfers shall be made between the accounts specified in the MC Acceptance Agreement.
3. Submitting false payment orders or canceling a transfer after the MC's payment orders have been approved by the bank will result in the future rejection of this method of funding the account for the respective MC and in sanctions against the MC in accordance with the provisions of these Regulations.
4. The submission by an MC, in response to a Margin Call, of false payment orders or the cancellation of a transfer already made shall result in the suspension of access to the Clearing Platform, accompanied by the forced closure of the Positions covered by that payment order.
5. Open positions resulting from Transactions recorded on the basis of an unconfirmed deposit will be forcibly closed by BRM as soon as it is determined that the bank transfer was not completed, and the respective amount will be withdrawn from the Account. All consequences of this action and any liability to third parties are assumed, in this case, by the respective MC.
6. Deposits and withdrawals from the Account are considered completed upon confirmation of receipt of the amounts in the Account, or upon their transmission to the bank, respectively. These transactions are final; the MC has no right to appeal, and BRM bears no liability for any transactions executed incorrectly or erroneously. The MC is entitled to a reassessment in the event of errors that have financially affected the MC's account, with both parties being responsible for finding effective solutions so that neither the MC nor BRM incurs unjustified financial losses related to deposits and withdrawals.
7. The MC account does not bear interest.
8. If the MC fails to submit the forms for deposits and withdrawals to the Account by the deadlines and under the conditions specified in the Daily Schedule, BRM has the right not to execute the requested transactions on that Day.
9. The MC may dispose of the amounts representing the Account Balance to be transferred from the Accounts opened for the Romanian Market and the Bulgarian Market, respectively, if the CM is operational on both the Romanian Market and the Bulgarian Market.

#### **Article 17 - Daily Report**

1. At the end of each Day, each MC shall have access to confirmation reports and the Daily Account Statement, which shall be provided by BRM via email to the address specified in the MC Acceptance Agreement.

2. The Daily Account Statement will be available and updated even if the MC has not executed any transactions on that Day, based on the mark-to-market valuation of the open positions held by the MC that affect the components of the Account.
3. Objections regarding the Daily Account Statement for a specific Day shall be submitted to BRM no later than the start of the following Day. If no objections are received within this timeframe, the data in the Daily Account Structure shall be deemed final and shall bind the MC with respect to the obligations arising therefrom, with BRM being exempt from any liability
4. The Daily Account Structure as well as the other reports provided by BRM shall be established by a specific Instruction issued by BRM.

#### **Article 18 - Daily Settlement Price**

1. The Daily Settlement Price is calculated for each Contract.
2. The Daily Settlement Price is determined by BRM in accordance with specific algorithms. Depending on market liquidity, the Daily Settlement Price may also be calculated by reference to other markets administered by BRM, in order to ensure an appropriate calculation of the Underlying Asset price.
3. In exceptional situations specified in the instructions, if the Daily Settlement Price for a given Day varies by more than 10% from the Daily Settlement Price of the previous Day, it will be adjusted on an exceptional basis by BRM. The method of exceptional adjustment and the calculation method will be made available to the MC on the BRM website and sent to the MC via email on the Day of adjustment. In any case, the price adjusted by BRM will fall within a 10% variation range from the Daily Settlement Price of the previous Day.
4. The Daily Settlement Price is determined by a specific Instruction.
5. If a Contract has never been traded on the Market, the Daily Settlement Price is not calculated for that Contract, except for Contracts for which Positions are taken over from the Cascading process.

## **CHAPTER V - FINANCIAL RESOURCES AVAILABLE TO BRM**

#### **Article 19 – Use of Resources Available to BRM to Cover MC Obligations**

1. In the event of an MC's failure to meet its obligations, the BRM shall use all monetary resources available to the BRM to cover such obligations, concurrently with the reduction of these obligations through the closing of open Positions. Monetary resources shall be used only after the forced closure of all open Positions held by the MC.
2. BRM will cover the financial obligations not met by the MC using the funds regulated under this article.
3. The financial resources used to cover an MC's obligations consist of the following and will be used in this order:
  - (i) Margins deposited by the MC;
  - (ii) The MC's individual contribution to the Guarantee Fund;
  - (iii) Contributions from other MCs to the Guarantee Fund
  - (iv) The BRM's contribution to the Guarantee Fund, in the amount of 5,000,000 EUR.
4. In the event of the use of the resources provided for in paragraph (2)(iii) above:
  - (i) each MC whose contribution was used to cover the obligations of another MC shall be notified to replenish this contribution to the Guarantee Fund within 10 days of notification. The new contribution deposited shall not be used to cover the obligations that led to the initial use of the Guarantee Fund;
  - (ii) The MC responsible for the default that led to the use of other MCs' contributions to the Guarantee Fund shall be required to reimburse the amounts used to cover

its obligations within 48 hours, and its access to the Clearing Platform will be automatically suspended. If the MC in question fails to reimburse the amounts used to cover its obligations within the timeframe specified above, its access to the clearing and settlement system will be revoked, and BRM will take all necessary legal steps to recover from the MC the amounts used from the Guarantee Fund.

#### **Article 20 – Guarantee Fund**

1. The Guarantee Fund is established in accordance with legal provisions to ensure the resources necessary for the proper functioning of the clearing and settlement mechanism for Transactions. The Guarantee Fund is administered by BRM. BRM may establish the Guarantee Fund at a time subsequent to the launch of the Services.
2. The Guarantee Fund reflects the joint and several liability of the MCs. The MCs are obligated to contribute to the financial resources of the Guarantee Fund.
3. The financial resources of the Guarantee Fund are constituted by the combined contributions of MC and BRM. BRM contributes to the Guarantee Fund through an initial contribution of its own in the amount of 5,000,000 euros. Should BRM and MC agree to establish a component of the Guarantee Fund to be constituted by MC's contribution, in accordance with the best practices of central counterparties operating similar markets, BRM may propose a contribution structure for MC, which will be adopted following consultation with MC.
4. The Guarantee Fund shall not be used to cover Margin Calls or Fees and Commissions.
5. An MC's individual contribution to the Guarantee Fund shall be refunded to it in the event of its definitive withdrawal from the BRM clearing and settlement system, after the closure of all open positions and the settlement of all obligations arising from Transactions.
- 6.

## **CHAPTER VI – MEASURES IN THE EVENT OF OPERATIONAL DISRUPTION**

#### **Article 21 - Limits of BRM's Liability**

1. BRM shall not be liable for any loss suffered by the MC as a result of:
  - (i) Unfavorable market conditions, commercial risk, unforeseeable events, force majeure, interruption, suspension, or exclusion from trading of a Contract, when these are carried out in accordance with BRM's prerogatives set forth in these Regulations;
  - (ii) The application of the provisions of these Rules;
  - (iii) Technical issues, including, without limitation, issues related to the supply of electricity or Internet services, or other situations beyond BRM's control that may affect the functionality of the Clearing Platform;
  - (iv) Any legislative changes or decisions by public authorities that would lead to the interruption of the Services.
2. Without prejudice to the possibility of suspension or exclusion under this Regulation, MCs are liable for any damages caused by their breach of the provisions of this Regulation.
3. MCs shall not, under any circumstances, have the right to refuse to fulfill their obligations and shall not be entitled to raise any exceptions, set-offs, or other similar rights or claims arising from any legal act against BRM and/or other MCs.
5. The guarantees do not necessarily ensure the physical delivery of the Underlying Asset, which is the sole responsibility of the MC, but instead ensure the Replacement of the Position by the Central Counterparty, pursuant to these

Regulations.

6. If, in accordance with the rules of the Centralized Market administered by BRM, a Transaction is canceled for any reason, BRM withdraws its role as Central Counterparty. The cancellation of a position may occur only if one of the parties does not qualify as a CCP, in accordance with *the Procedure for the Organization and Operation of the Market for Standardized Medium- and Long-Term Products Administered by BRM S.A. or the BETP Market Rules*, as applicable, and specifically the *Novation Agreement* and/or in the situations described in Article 7(5) of these Rules, as applicable.
7. For the avoidance of any doubt, the limit of BRM's liability for any claims arising from activities carried out in accordance with these Regulations, regardless of their nature or title, shall not exceed the amount of BRM's Contribution to the Guarantee Fund.

#### **Article 22 – Failure to Fulfil Obligations by the MC**

1. In the event that an MC fails to fulfill its financial obligations under the Contracts, BRM shall take control of any Account and proceed to the forced closure of the Positions in the Account, up to the level required to cover that MC's obligations. BRM shall use the amounts resulting from the forced closure of the Positions and those existing in the Account to cover the existing obligations.
2. The forced closure of Positions will be carried out by BRM executing Transactions until the Risk Limit is met, through trading on the short-term and/or medium- and long-term markets managed by BRM or, respectively, by BETP, or through bilateral contracts. Transactions will be executed without regard to price or execution time, BRM's sole objective being to bring the Account back within the Risk Limit. If the Account balance becomes negative, BRM will forcibly close Positions until all positions held by the relevant MC are liquidated.
3. Losses incurred by the MC as a result of the forced closure of held Positions shall be borne entirely by the MC.
4. If the amounts resulting from the forced closure of Positions, together with those existing in the Account at that time, are insufficient to settle the obligations, the MC's liability shall not be limited to the value of the assets provided as Collateral, and BRM shall have the right to recover the entire loss suffered through the courts, in accordance with general law.

#### **Article 23 – Breach of the Regulations by the MC**

1. A breach by an MC of the provisions of the Regulation shall occur when there is a failure to perform, or a defective or fraudulent performance of, the obligations under this Regulation, or if there is a situation indicating that the MC cannot, or will not be able to, comply in the future with its obligations to the BRM.
2. Without prejudice to the generality of paragraph 1, the following situations shall constitute breaches of the Regulation:
  - (i) the commencement of insolvency proceedings or the existence of other similar proceedings and/or any situation that, under the law, results in the MC's general inability to meet its financial obligations;
  - (ii) any attachment, seizure, or enforcement proceeding applicable to a significant portion of the MC's assets that results in its insolvency and/or state of insolvency;
  - (iii) failure to fulfill the obligation to deliver the Underlying Asset, in accordance with the Agreements entered into.
  - (iv) the MC recording an imbalance with the Bulgarian TSO that jeopardizes the fulfillment of the MC's obligations under the Transactions it has entered into or is about to enter into, as determined by BRM based on reports received from the Commercial Dispatching Platform (CDP) organized by the Bulgarian TSO.
3. In the event of a violation of the provisions of the Regulation, BRM may adopt any of the measures described in Article 24 in cases where this is necessary to protect the normal functioning of the Clearing and Settlement of positions.

#### **Article 24 – Exceptional Circumstances**

When circumstances warrant it, including unusual price volatility or any other situation affecting the normal functioning of the Services or the Market, BRM may, in addition to other actions possible under the powers expressly conferred by the Regulation, Market rules, and applicable law:

- (i) Prohibit an MC from entering into Transactions, opening Positions, or assuming additional liabilities and increasing its risk exposure;
- (ii) Require a Market Maker to reduce its risk exposure by closing or opening new Positions;
- (iii) To take control of an MC's Account;
- (iv) To require the establishment or replenishment of an MC's Margins during a Day;
- (v) To establish or define reference prices that differ from those set forth in the Regulation and Instructions;
- (vi) Withhold payments of financial settlements due;
- (vii) Take any necessary measures to protect the integrity, proper functioning, security, and transparency of the Services or the Market;
- (viii) To suspend the Services, even in the event of open positions.

## **CHAPTER VII – SUPERVISION AND SANCTIONS**

#### **Article 25 – Supervision**

1. Without prejudice to the powers granted by applicable law and Market regulations, BRM shall monitor the normal operation and transparency of clearing and settlement activities and the associated obligations of CCPs, and shall implement the necessary measures to detect and prevent fraudulent or unlawful actions by CCPs.
2. BRM or BETP, as applicable, shall immediately report to ANRE or EWRC, respectively, any issues or situations that may violate the provisions and principles of applicable laws.

#### **Article 26 - Sanctions**

1. BRM may impose the following sanctions in the event of violations of the Regulation or failure by the MC to fulfill its obligations:
  - (i) Warning;
  - (ii) Suspension for a period of up to six (6) months;
  - (iii) Revocation of MC status.
2. The nature and duration of the sanctions shall be determined by BRM based on the severity, repetitive nature, damages caused, and unjust enrichment resulting from the actions committed.
3. The BRM shall sanction the MC for failure to fulfill the obligation to physically deliver the Underlying Asset with a suspension for a minimum period of 6 months. The actual suspension period will be determined by the BRM Board of Directors based on the severity of the violation, taking into account criteria such as the value of the unfulfilled transaction, the repetitive nature of the violation, and its correlation with other violations, such as failure to respond to a Margin Call.
4. In the event of an MC's suspension, BRM will prohibit the MC from opening new positions on all of its accounts.

## **CHAPTER VIII – TRANSITIONAL AND FINAL PROVISIONS**

#### **Article 27 – Transitional and Final Provisions**

1. These Rules are drafted and may be amended by the BRM. These Rules, as well as any subsequent amendments and additions, shall be submitted for public consultation with the MC and shall be published on the Website at least two weeks prior to their effective date.

2. These Regulations are further detailed by BRM Instructions issued regarding the technical aspects of the processes described in these Regulations. BRM Instructions are binding on the MC no earlier than the Day of their publication on the Website, in accordance with the notice provided by the BRM regarding the effective date. The Instructions are published on the BRM website and communicated to the MC via email on the Day of publication on the website.
3. The rules contained in this Regulation shall be supplemented as appropriate by the provisions of applicable law as well as by the regulations and procedures governing the operation of each Market.

### **List of BRM Instructions detailing the Regulation**

- 1.** Instructions on **Collateral Intended to Cover Financial Risks**
- 2.** Instructions on the Establishment of **the Daily Schedule**
- 3.** Instructions on the Setting of **Fees and Commissions for Services**
- 4.** Instructions on the Determination of **Initial Margin Values**
- 5.** Instructions on **Physical Delivery Margin**
- 6.** Instructions regarding the elements of **the Daily Account Structure and reports provided by BRM to MC**
- 7.** Instructions on **the Daily Settlement Price**