

# **Regulations governing the organization and operation of the organized electricity market administered by the Romanian Commodities Exchange - S.A.**

## **CHAPTER I: Purpose and scope**

### **Article 1**

(1) These regulations establish the organized framework for trading electricity on the organized electricity market administered by the Romanian Commodities Exchange - S.A. through electronic trading platforms administered by the Romanian Commodities Exchange - S.A.

(2) Societatea Bursa Română de Mărfuri - S.A. organizes forward electricity markets, day-ahead markets, and intraday markets for the trading of electricity under competitive conditions.

Art.

This regulation establishes provisions regarding:

- a) the segments of the organized market administered by the Romanian Commodities Exchange (Romanian Commodities Exchange) - S.A.;
- b) the identification details of the entity acting as counterparty in each of the standardized forward markets, as well as the entity acting as counterparty/clearing house in the market for electricity derivatives settled by physical delivery;
- c) a description of the products intended for trading on each segment of the organized market;
- d) the mechanisms for guaranteeing, clearing, and settling transactions concluded within each organized forward market;
- e) the framework for organizing and conducting trading sessions;
- f) the trading mechanisms used;
- g) information published daily.

### **Article 3**

These regulations apply to:

- a) participants in the organized market administered by the Romanian Commodities Exchange (Romanian Commodities Exchange) - S.A.;
- b) the Romanian Commodities Exchange - S.A., as the operator of the organized market.

## CHAPTER II: Definitions and abbreviations

Art.

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

- a) *broker* - a natural person acting in the name and on behalf of a participant in relation to the Romanian Commodities Exchange - S.A., whose main duties are to enter and maintain orders during trading sessions/auctions, and who has the right to engage the liability of the participant they represent in relation to the Romanian Commodities Exchange - S.A.;
- b) *counterparty* - the Romanian Commodities Exchange - S.A., which acts as counterparty in each of the standardized forward markets, as well as in the market for electricity derivatives settled by physical delivery, in accordance with the specific procedures and regulations of the counterparty. The Romanian Commodities Exchange - S.A. also assumes the role of clearing house, in accordance with the specific procedures and regulations of the counterparty, for transactions carried out through the counterparty or which are accepted for post-trade clearing;
- c) *participation agreement* - a standard agreement defined by the Romanian Commodities Exchange - S.A., concluded with a participant, which sets out the mutual rights and obligations of the parties regarding participation in the market, established following a public consultation process;
- d) *sell/buy order/offer* - an offer submitted by a participant, consisting of a price-quantity pair and other specific attributes defined for each product and representing the participant's firm commitment;
- e) *co-initiating offer* - an offer of the same type as the initiating offer, with identical elements, namely: the same quantity of electricity, the same daily delivery profile and the same delivery duration, the same option regarding full/partial trading, and the same meaning - sale or purchase - and involves adherence to the same type of contract as that proposed by the initiating participant;
- f) *Rules* — General Rules on Organised Electricity Derivatives Markets, approved by Order of the President of the National Energy Regulatory Authority No. 134/2022;
- g) *initiating offer* - an offer of electricity that initiates the trading process in accordance with the provisions of the Rules, this Regulation, and the BRM's own operating procedures;
- h) *participant* - a natural or legal person who buys, sells or produces electricity, who is involved in aggregation or who is a dispatchable consumer or an energy storage service operator, who has the right to participate in the market in accordance with Art. 8 para. (1) of this Regulation;
- i) *transaction price* - the price at which the transaction was executed, recorded and displayed by the trading system, expressed in RON/MWh or EUR/MWh;
- j) *trading report* - a statement issued by the trading systems of the Romanian Commodities Exchange - S.A. to each participant for their own transactions, containing complete data on the orders/offers entered and the transactions concluded;
- k) *counterparty regulations* - set of rules establishing the settlement and guarantee mechanisms, as well as the rights and obligations of clearing members and counterparties in the trading process through the counterparty;
- l) *trading systems* - computer systems operated and managed by the Romanian Commodities Exchange - S.A. for the purpose of executing transactions, which apply a set of rules and mechanisms for bidding, negotiation, and trading provided for in this regulation;
- m) *transaction* - an operation concluded in the trading system following the matching of a sell offer with a buy offer, in accordance with the specific algorithms of the trading systems.

(2) The definitions provided in paragraph (1) shall be supplemented by the definitions provided in the Electricity and Natural Gas Law No. 123/2012, as amended and supplemented, and in the Rules, as applicable.

Art. 5

The abbreviations used in this Regulation shall have the following meanings:

- a) *ANRE* - National Energy Regulatory Authority;
- b) *BRM* - Romanian Commodities Exchange - S.A.;
- c) *Market* - shall designate, as appropriate, any of the segments of the organized market administered by the Romanian Commodities Exchange - S.A..

### **CHAPTER III: Organized market segments**

Art.

The organized electricity market administered by BRM comprises the following segments:

- a) the market for standardized forward products;
- b) the market for flexible forward products;
- c) the market for electricity derivatives settled by physical delivery.

Article 7

Within the forward market segments, BRM organizes market sections based on operational procedures subject to public consultation in accordance with the regulations in force, dedicated to certain participants or to the fulfillment of certain legal obligations.

### **CHAPTER IV: Organized market products**

Art.

BRM shall organize trading sessions for standardized forward products with an electricity delivery period, which may be:

- (i) one day, except for the day following the trading day;
- (ii) a multiple of a day, i.e. a minimum of two consecutive days of delivery starting at the earliest on the second calendar day following the day of conclusion of a transaction and one week;
- (iii) 1 weekend;
- (iv) 1 week;
- (vi) 1 month;
- (vii) 1 quarter;
- (viii) 1 semester;
- (ix) 1 calendar year.

Art.

BRM organizes trading sessions for flexible forward products, for which each initiating/co-initiating participant defines its own offer to sell or purchase electricity.

Art. 10

BRM shall organize trading sessions for *electricity* derivatives settled by physical delivery, for any of the daily delivery profiles at constant power in band/constant power at peak load hours/constant power at off-peak hours, with an electricity delivery period, which may be:

- (i) one day;
- (ii) 1 week;
- (iii) 1 month;
- (iv) 1 quarter;
- (v) 1 calendar year.

Art. 11

The characteristics relating to the delivery period, i.e. the start and end dates of delivery, the minimum power per settlement period and the daily delivery profile of standardized forward products, flexible forward products and *electricity* derivatives settled by physical delivery shall be established by the BRM's operational procedures, following a public consultation process and in accordance with the provisions of the Rules.

## **CHAPTER V: Participation in trading, guarantee mechanisms, clearing, and settlement of transactions concluded on each organized forward market**

Article

(1) Participation in trading is permitted to participants who have registered with the market and demonstrate fair and preventive market conduct in relation to other market participants, in accordance with the participation agreement and specific procedures.

(2) Participation in the market is voluntary.

(3) The BRM shall develop specific procedures containing detailed provisions on the applicable trading mechanisms, the conduct of trading sessions, the stages of the trading process and the matching of orders, the guaranteeing of transactions, the conduct of market participants, and other aspects of the regulation of trading under this Regulation, which shall be subject to public consultation prior to their entry into force or amendment.

(4) For the standardized forward market, participants may choose to trade products directly or through a central counterparty. Transactions concluded directly shall be subject to the mechanisms for guaranteeing, clearing, and settling transactions provided for in the contracts concluded between participants. Contracts concluded between participants, other than EFET contracts, which provide for a delivery period beginning more than 30 days after the date of their signing and a delivery period of at least 3 months, shall provide for one of the following methods of guaranteeing the performance of the contract:

(i) payment by the buyer of an advance payment of 5% of the contract value for contracts with a delivery period of more than 6 months and 10% of the contract value for contracts with a delivery

period of 6 months or less. The advance payment shall be paid into the seller's account within 15 days of the date of conclusion of the contract;

(ii) the buyer shall provide a guarantee covering 5% of the contract value for contracts with a delivery period of more than 6 months and 10% of the contract value for contracts with a delivery period of less than or equal to 6 months. The guarantee shall be provided and sent to the seller within 15 days of the date of conclusion of the contract;

(iii) the party choosing the method of guaranteeing the performance of the contract, i.e., payment of an advance or provision of guarantees, shall be the buyer.

For contracts concluded through a central counterparty, the guarantee, clearing, and settlement of transactions shall be carried out in accordance with the specific rules and regulations of the counterparty, in relation to which BRM also assumes the role of clearing house. Transactions on which the parties agree to this method of guarantee, clearing, and post-trade settlement or in accordance with the provisions of the contract concluded directly may also be accepted in the clearing house system.

(5) For the flexible forward market, transactions are concluded directly between participants. Transactions concluded directly are subject to the guarantee, clearing, and settlement mechanisms provided for in the contracts concluded between participants. A contract concluded between participants which provides for a delivery period beginning more than 30 days after the date of its signing and a delivery period of at least 3 months shall provide for one of the following methods of guaranteeing the performance of the contract:

(i) payment by the buyer of an advance of at least 5% of the contract value for contracts with a delivery period of more than 6 months and at least 10% of the contract value for contracts with a delivery period of 6 months or less. The advance shall be paid into the seller's account within 15 days of the date of conclusion of the contract;

(ii) the buyer shall provide a guarantee covering at least 5% of the contract value for contracts with a delivery period of more than 6 months and at least 10% of the contract value for contracts with a delivery period of 6 months or less. The guarantee shall be established and sent to the seller within 15 days of the date of conclusion of the contract;

(iii) the party choosing the method of guaranteeing the performance of the contract, i.e., payment of an advance or provision of guarantees, shall be the buyer.

Transactions involving flexible forward products for which the parties agree on this method of guarantee, clearing, and post-trade settlement or in accordance with the provisions of the contract concluded directly may also be accepted in the clearing house system.

(6) For the market for *electricity* derivatives settled by physical delivery, transactions shall only be concluded through the central counterparty. The guarantee, clearing, and settlement of transactions shall be carried out in accordance with the specific rules and regulations of the counterparty, in relation to which BRM also assumes the role of clearing house.

## Article

(1) Transactions confirmed by the trading system shall be firm and shall be executed by one of the post-trade methods provided for in the specific procedures.

(2) The conclusion and/or execution of transactions shall be financially guaranteed under the conditions provided for in the specific procedures and the regulations of the counterparty, as applicable, the provision of guarantees being a condition for participation in trading.

(3) After the conclusion of a transaction, participants shall ensure post-trade operations through contracts, in accordance with the specific procedure.

- (4) The BRM supervises and monitors the conclusion of contracts in accordance with the specific procedures, including the conformity of the contractual terms with those of the contracts proposed prior to the trading session.
- (5) The BRM may assume the role of counterparty to transactions, under the conditions set out in the specific procedures and counterparty regulations.
- (6) The BRM has the right to collect and enforce the guarantees provided by participants for trading, as set out in the specific procedures.

## **CHAPTER VI: Framework for the organization and conduct of trading sessions**

### **Article**

- (1) Trading sessions shall be conducted through trading systems.
- (2) For the standardized futures market, BRM organizes daily trading sessions on each business day from Monday to Friday, according to a schedule published by BRM. During trading sessions, participants enter *orders* by filling in the quantity and price in the trading system and selecting the direction of the offer, i.e., sale or purchase, and negotiate them in accordance with the mechanisms described in the specific procedures of the BRM.
- (3) For the flexible forward market, BRM shall organize trading sessions on working days from Monday to Friday at the request of the initiating participants, for accepted initiating/co-initiating offers to sell or buy, after verifying their compliance with the applicable regulations, in accordance with BRM's specific procedures.
- (4) For the market for *electricity* derivatives settled by physical delivery, the trading calendar shall be published on the BRM website, and trading sessions shall be held according to the established calendar, updated whenever necessary. During trading sessions, participants shall enter *orders* by entering the quantity and price in the trading system and selecting the direction of the offer, i.e., sale or purchase, and shall negotiate them in accordance with the mechanisms described in the specific procedures of the BRM.

## **CHAPTER VII: Trading mechanisms used**

### **Article 15**

- (1) The trading mechanisms used are the single competitive mechanism (auction) and the double competitive mechanism (continuous negotiation). The functioning of these mechanisms is described in the specific procedures developed by the BRM.
- (2) For the standardized forward market, the BRM shall use the single competitive mechanism for trading sessions initiated by a participant and the double competitive mechanism for trading sessions organized for standardized products launched for trading by the BRM.
- (3) For the flexible forward market, the BRM shall use the single competitive mechanism.
- (4) For the market for *electricity* derivatives settled by physical delivery, the BRM shall use the double competitive mechanism.
- (5) BRM shall establish, through its own specific operational procedures, the algorithm for determining the price of transactions within the trading systems for each trading mechanism.

## Article

(1) In situations of low liquidity or under other conditions established by the BRM that are beneficial for increasing market efficiency, the BRM may request the activation of the services of a liquidity provider, under the following conditions, based on its own operational procedure subject to public consultation:

- a) the liquidity provider undertakes to offer a certain amount of electricity, defined by the BRM, both for sale and for purchase, simultaneously, within a certain agreed time interval, in accordance with the conditions established in the specific agreement concluded between it and the BRM;
- b) the specific terms of the commitment to provide liquidity shall be laid down in the specific agreement, which shall include at least obligations regarding the entry of sale and purchase offers into the market, the specification of the type of product for which the offers are entered, the time for which the offers remain on the market, the bid prices and quantities offered, and the differences between the bid and offer prices offered simultaneously.
- c) Based on the service provided, the liquidity provider may benefit from reductions in the fees/commissions charged or other financial benefits for participating/trading on the market, in accordance with the specific agreement.
- d) BRM shall publish on its website at least the following information regarding the activity of liquidity providers: the name of the provider, the product on which it is active, the minimum quantity offered, the minimum offering period during a trading session, the maximum price difference between the buy and sell offers entered simultaneously.

## **CHAPTER VIII: Information published daily**

### Article 17

BRM shall publish in a transparent and unrestricted manner on the BRM website, on a continuous and immediate basis, post-trade information that includes at least the following:

- a) the name of the traded product;
- b) the date of the trading session;
- c) the award price;
- d) the powers/quantities corresponding to each registered award price;
- e) the delivery period.
- f) the power per settlement interval;
- g) daily delivery profile;

## Article

For transactions concluded on the flexible forward market, BRM shall publish on its website, in addition to the information provided in Art. 17, at least the following information after the end of each trading session:

- a) the characteristics of the initial offer: the name of the initiating participant, the subject of the offer, sale or purchase, and the code of the initial offer, the quantity per settlement interval and the daily delivery profile, the option of full/partial trading, the delivery period, the opening price, the proposed contract;
- b) the closing price of the auction;
- c) for each transaction concluded, the name of the seller, the name of the buyer, the quantity per settlement interval and the total quantity of electricity traded;
- d) the final price and quantity for each bid, including those not traded.

#### Article

For transactions concluded on the market for electricity derivatives settled by physical delivery, the BRM shall publish the following information on its website at the end of each trading session:

- a) the trading day;
- b) the name of the product;
- c) the settlement price;
- d) the last price recorded at the close of the daily session;
- e) the traded volume corresponding to the last price recorded at the close of the daily session;
- f) the percentage change (up/down) in the daily settlement price;
- g) the weighted average price and the total volume corresponding to it;
- h) the number of transactions recorded;
- i) the number of participants in the trading session who have executed at least one transaction.

#### Art.

For the attention of market participants, the BRM shall ensure the continuous and immediate provision of the trading report after the conclusion of a transaction in electronic format, which shall be sent to the brokers participating in the transaction and which shall contain at least the following elements:

- a) the BRM report number;
- b) the date of the trading session;
- c) the name of the traded product;
- d) the power, expressed in MW;
- e) the delivery period;
- f) the identification number of each transaction;
- g) the name of the other participant in the transaction, where applicable;
- h) the status of the participants in the transaction (seller/buyer);
- i) the quantity of electricity traded, expressed in MWh;



j) the transaction price;

k) the time stamp.

#### Article 21

(1) All market participants shall have the possibility to view, in real time, through secure access via the trading system, information on bids and transactions for each standardized product.

(2) The results of the trading session shall be published on the BRM's website, [www.brm.ro](http://www.brm.ro), in the section dedicated to trading on electricity markets.

### **CHAPTER IX: Final provisions**

#### Art. 22

BRM shall apply this regulation, the specific procedures, and the counterparty's regulations, as applicable, in accordance with their provisions and the participation agreement.

#### Art.

(1) For the activities and services provided, BRM shall be entitled to charge participants in the electricity futures market fees and commissions as follows:

a) annual registration fee (lei/participant/year);

b) trading commission according to the commission schedule, applied only to participants who are parties to the transaction.

(2) In the event of failure to pay the obligations provided for in paragraph (1) by the due date, BRM shall have the right to suspend the participant's access to future trading sessions until the obligations are paid.

(3) The fees and commissions charged are established by decision of the BRM's board of directors and are published on the BRM's website.

#### Art. 24.

The price of transactions concluded on the market segments referred to in Art. 6(a) and (b) shall include the tariffs for the introduction of energy into the networks and shall not be changed when these tariffs are updated.