

## Instruction 7

### on the determination of the Daily Settlement Price

Valid from 20.03.2025

#### 1. Identify data sources:

In order to calculate the Daily Settlement Price, the following data sources are used:

- I. Transactions concluded on *standard forward contracts* on the Clearing Market trading platform - the electronic platform dedicated post-trade transactions only through the Central Counterparty with specific procedure<sup>1</sup> for the Romanian Market.
- II. Transactions concluded on *standard forward contracts* on the Main Market trading platform - the electronic platform dedicated to transactions with multiple post-trading modalities with specific procedure<sup>2</sup> for the Romanian Market.
- III. Transactions concluded on *standard forward contracts* on the trading platform of BETP for the Bulgarian Market.
- IV. Trades on European reference hubs on futures contracts with delivery
- V. Transactions on other national platforms with forward contracts with delivery on the territory of Romania or Bulgaria.

- **The main data sources used for the calculations will be those mentioned in points I and II for the Romanian Market and III for the Bulgarian Market. In exceptional situations** where there is no or insufficient transaction data
  - or
  - Sources IV and V will be used to establish the Daily Settlement Price. In particular for the Bulgarian market, the Daily Settlement Prices for the Romanian market will be used as reference.

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<sup>1</sup> Procedure for trading on the centralized natural gas markets administered by the company ROMANIAN COMMODITIES EXCHANGE S.A., Under the conditions of using a CLEARING HOUSE/ CENTRAL COUNTERPARTY

<sup>2</sup> "Procedure for the organization and functioning of the medium and long term standardized products market administered by Bursa Română de Mărfuri (Romanian Commodities Exchange) S.A"

## 2. General principles of application

2.1 In terms of identifying the situations in which a Daily Settlement Price is required, the following principles apply:

- i. Each Contract will have a mandatory Daily Settlement Price if at least 1 (one) transaction has been registered on that Contract or comes from a cascaded Contract, on which there was at least one Position to be allocated.
- ii. Contracts with no trades or on which there is no Position to be taken from a Cascaded Contract will not have a Daily Settlement Price calculated.

2.2 From the point of view of the identification of a Contract in relation to data sources, the following principles apply. The Daily Settlement Price of a Contract has as its data source **prices from transactions on Contracts identical in terms of delivery period**. In this respect, for the purpose of illustration:

- A Contract with delivery period December 2020 will have as price source only transactions with identical delivery period - *December 2020*; a Contract with delivery period Quarter I/2021 will have as price source only transactions with identical delivery period - *Quarter I*; *In this case the price sources are from transactions on BRM (data sources I and II)*
- A Contract on delivery period Quarter IV, 2021 may have as price source (*data source IV*) the futures contract price *plus a fixed margin determinable at the time* with identical delivery period on the European reference markets

## 3. Algorithms for calculating the Daily Price

### 3.1 Main Daily Settlement Price Algorithm

The algorithm applied daily for a Contract is:

- (i) **Daily Settlement Daily Price= Weighted Average Price** of all trades concluded on the current Contract Day;

*If no transaction was concluded on the current day, then:*

- (ii) **Daily Settlement Daily Price= Weighted Average Price** of all trades closed in the previous 5 Days on the Contract;

*If no transactions have been concluded in the last 5 previous Days, then:*

- (iii) **Daily Settlement Daily Price= Weighted Average Price** of all trades closed in the previous 20 Days on the Contract in question;

*If no transactions have been concluded in the previous 20 days, then:*

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For accuracy and official reference, please refer to the original Romanian version.

- (iv) **Daily Settlement Daily Price= Weighted Average Price** of all trades concluded in the previous 40 Days on the Contract in question;

*If no transactions have taken place in the previous 40 days, then:*

- (v) **The sequence repeats identically until transactions are identified in the trading history, adding an additional 20 Days to the total calculation period.**

**Note: Day = Working day**

### **3.2 Daily Settlement Price control/exception algorithm**

It applies by default in case the Daily Settlement Price has a variation of more than 10% ("+" or "-") compared to the Daily Settlement Price of the previous Day or in exceptional situations where it is required if there is a suspicion of manipulation of the Daily Settlement Price.

In both situations the Daily Settlement Price calculated by BRM will be within +/- 10% of the Daily Settlement Price of the previous Day

The final settlement price is disseminated via the IT solution made available to the CM and by email on the basis of the Daily Report. .

The basic principle is to take the price of a product with identical delivery period from European reference markets and introduce, if necessary, a price difference based on the analysis of the prices of existing transactions on the BRM markets and on the price of transactions on foreign reference markets. This validation mechanism shall also be applied preventively for the daily calculation under point 3.1 .