**PROCEDURE FOR TRADING GUARANTEES OF ORIGIN**

**CHAPTER I: Purpose and scope**

**Art. 1**

This Procedure for the Trading of Guarantees of Origin (hereinafter referred to as the "**Procedure**") governs the manner and conditions of sale, purchase and transfer of Guarantees of Origin of electrical power (hereinafter referred to as the "**GO**").

**Art. 2**

The Romanian Commodities Exchange S.A. (hereinafter referred to as "**RCE**") determines the quantity of GOs for which it organizes the auction sale of the guarantees of origin is a market operator that ensures the sale-purchase of GOs according to the rules set out in this Procedure.

**Art. 3**

Wherever used in this Procedure, terms shall have the following meaning:

**AIB** - Association of Issuing Bodies, based in Brussels, Belgium, which regulates the European Energy Certificate.

**Applicable Law** - the laws and regulations applicable to the Auction Participant under any applicable jurisdiction.

**Auction** - the procedure for the sale of guarantees of origin through the auction system in accordance with the provisions of this Procedure.

**Participant** - a legal or natural person who intends to trade or trades GOs under this Procedure.

**Collateral** - collateral explicitly accepted by RCE and recognised by the Procedure as security for the performance of the Participant's obligations under the transactions entered into.

**Market** - the trading venue of GOs that is regulated by this Procedure.

**GO Product** - a set of GO features that are auctioned as per Annex 4 to this procedure.

**Register** - electronic system set up and managed by the competent authority for issuing guarantees of origin.

**Art. 4 - Participant status**

Electricity producers and suppliers may be Market Participants, as sellers or buyers, after having joined the present procedure by signing the contractual documents provided for this purpose by RCE.

**CHAPTER II: General rules**

**Art. 5**

(1) This procedure applies to trading sessions for GO Products. GO Products may be traded only after their registration in the Register kept by an AIB member or in the Register kept by ANRE, as the case may be, and verification of their validity.

(2) Trading of 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) The GO transfer shall be effected by the conclusion of the contract proposed by the initiating participant.

**Art. 6**

(1) The RCE shall ensure the firmness of transactions by collecting trading participation collateral and monitoring the completion of the transaction.

(2) In order to be able to register an order, the participants shall provide the RCE with collateral, which is automatically calculated by the trading system as the product of the quantity of GOs in the order, the price of the order entered on the trading platform (excluding VAT) and the 2% as a standard percentage, with the possibility of decreasing this amount 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) letter of guarantee issued by a bank.

(4) The guarantee lodged in accordance with paragraph (2) by participants on account of an order for which a transaction has been concluded shall remain at the disposal of the RCE until the electronic copy of the sale and purchase agreement signed by the parties to the transaction has been submitted to the RCE. The deadline for the transmission of the sale and purchase contract shall be no later than 5 working days from the date of the conclusion of the transaction. Until its release, the collateral set up on account of the order on the basis of which a transaction has been concluded may not be used as collateral in the case of participation in the trading of another GO Product.

(5) The collateral lodged shall be enforced by the RCE 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 RCE, 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) Parties may request the cancellation of erroneous trades resulting from human error as provided for in the market conduct procedure.

**CHAPTER III: Trading rules**

**Art. 7 - Launching the product for trading**

(1) The product shall be launched for trading by any participant.

(2) To launch the product for trading, the participant shall submit to the RCE an initiating order, mentioning at least the following elements:

a) the name of the participant initiating the order and/or the authorised representative;

b) the quantity of GO Products proposed for trading;

(c) the price proposed at the launch of the product;

d) the mention of the possibility of partial/multiple trading of the order;

e) the date and time at which the trading session is to be held;

f) the proposed contract;

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 RCE representative).

(4) The RCE reserves the right not to validate those initiating orders which are formulated in such a way that they clearly cannot be traded, e.g.: price and/or quantity manifestly disproportionate to a real trading intention, reasonably assessed by the RCE. In such cases, prior to the decision not to validate the order, the RCE will request clarifications in due time from the originator of the order, and if the clarifications submitted and/or corrections to the elements of the order are not considered sufficient or complete, the order will not be traded and the non-compliant offer will be published on the website with the reason for rejection.

(5) The RCE shall publish the initiating order and accompanying documents/information on the website at least 3 business days before the trading session is scheduled to take place.

(6) The date and time of the trading session will be set with a RCE representative prior to submission of documents and will be communicated on the website by the time the initiating order is published.

**Art. 8 - Stages of the trading process**

The phases of the auction process are described below:

(1) The simple competitive trading facility shall be conducted in 3 phases in compliance with the following general order operation criteria:

- 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.

PHASE I

(2) The initiating participant's order is automatically entered by the trading system at the opening of the auction, subject to the sense conditions, i.e. buy/sell, quantity and price, of 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) The following operations with orders are allowed in this phase:

- 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:

- closing transactions

- cancellation of orders

- order changes in the sense of quantity decrease for orders contrary to the initiating order.

PHASE II-A

(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

- closing 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-A

(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 time validity of orders, the option is predefined: - "DAY", 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 respective 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 RCE.

**Article 9 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 at the same or higher price for the maximum quantity determined by the competing quantities specified in the two opposite orders at the better 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 other than 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 specified 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 specified 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 earliest time stamp.

(4) For buy orders entered by any participant other than 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 competing quantities specified in the two opposite orders at the price of the buy order.

**CHAPTER IV: Stock exchange contract and trading report**

**Art. 10 - Trading report**

1. At the end of each trading session, the RCE issues the trading report which mentions the following elements:
2. Traded GO product;
3. the initial orders entered for each GO Product traded;
4. order changes during the trading session;
5. the transactions concluded with the indication of quantities, prices and parties to the transaction;
6. other relevant elements of the trading session.
7. The trade report is signed in holographic or electronic form and sent to the trading parties in electronic form for countersignature.

**CHAPTER V: GO transfer**

Art. 12 - GO transfer

(1) Upon confirmation of payment of the price by the buyer, the RCE shall transfer the GO in the Register kept by an AIB member or in the Register kept by ANRE, as the case may be, from the seller's account to the account of the buyer party to the transaction.

(3) The parties may opt to use an "ESCROW" account or a RCE account assimilated to an ESCROW account for the purpose of monitoring the execution of payment obligations. This account has the following advantages:

- the seller can check the "ESCROW" or similar account feed;

- after the account has been credited, the RCE may initiate the procedure for transferring ownership of the certificates to the buyer's account;

- the bank/RCE will make the transfer from the "ESCROW" or similar account when the transfer of ownership of the certificates is confirmed.

**ANNEX 1**

**Procedure of the Romanian Commodity Exchange**

**TRANSFER of guarantees of origin**

# Art. 1

(1) This Annex is an integral part of the Procedure of the Romanian Commodity Exchange on the trading of organic guarantees.

(2) The provisions laid down in the Procedure of the Romanian Commodity Exchange on the trading of organic guarantees are applicable to this Annex, insofar as they do not contradict its provisions.

**Art. 2**

(1) The trading hours of exchange trading assets shall be as set out in the trading product.

(2) The trading procedure may be scheduled to take place over one or more days.

**ANNEX 2**

Model Initiating Order

**Initiating Order No. Purchase/Sale: Product GO**

|  |  |
| --- | --- |
| Participant |  |
| Name/ | According to Annex 4 |
| Cantitate/ Quantity | .... |
| Attribute | Total/Partial - bids will be submitted for the whole quantity/ partial quantity can be submitted |
| DELIVERY TIME | According to the attached contract |
| PAYMENT TERM | According to the attached contract |
|  |  |
| Conditions of participation for sellers | Proof of existence of GO Products according to applicable legislation |
| Stock market guarantee | Conform Transaction procedure  **The guarantee will be constituted in the RCE account - Euro account:**  **RO93 RNCB 0082 0009 9180 0643 or**  **LEI account RO50 RNCB 0082 0009 9180 0641** or SGB deposited at RCE head office |
| Exchange commission | RCE decision commission |

PROPOSED DATE OF MEETING (at least 3 days after the IO has been sent)

**Client:**

**Your name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

(Name, first name) (Authorised signature)

**ANNEX 3**

***Model of contrary order***

***ORDER CONTRARY TO THE ORDER INITIATED BY \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_***

***ON THE TRADING OF \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_***

PARTICIPANT \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

- BROKER / CONTACT PERSON \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

- PRODUCTS \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

- SALE/PURCHASE \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

- QUANTITY \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

- ATTRIBUTE (T/P) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

- ACCEPTED PRICE LIMIT \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**We have taken note of and undertake** to comply with the specifications and annexes of the initiating order.

**We are aware of and undertake** to comply with the provisions of the Regulation of the Romanian Commodities Exchange on the organization and functioning of the trading procedure.

**Participant:**

(Name, first name) (Authorised signature and stamp)

**ANNEX 4 - GO product specifications**

|  |  |
| --- | --- |
| Product Type | AIB product: Guarantees of origin issued in accordance with applicable legislation, which are issued in accordance with AIB rules.  Non-AIB product: Guarantees of origin issued by ANRE. |
| Transfer of guarantees of origin | AIB Transfer: Delivery via the registry managed by the Hungarian Regulator and other AIB members.  Non-AIB transfer: Delivery through the registry managed by ANRE. |
| Product Name | AIB product: GO *mmm-YYYY, Country, Technology, Year of commissioning, Type of promotion system*  Non-AIB product: Non-AIB GO *mmm-YYYY,* Romania*, Technology, Type of promotion system.* |
| Trading days | Set by the Trading Calendar. |
| Minimum quantity  (batch size) | 1 MWh |
| Step size  (characteristic  price during  transmission  order) | One euro cent per MWh, 0.01 €/MWh |
| Currency | Euro |
| Opening moment of the trading session | According to the IO |
| Opening moment of the trading session | According to the IO |
| Date of transmission  results | At the end of the trading session |
| Types of orders | Price limit |
| Selectable order attributes | For AIB Products: Technology, Year of commissioning, Month of production, Type of promotion system, Country  For non-AIB Products: Technology, Type of promotion system, Month of production. |
| Technologies  selectable | One or more options can be selected from the available technologies, depending on the GO attributes submitted for the tender. |
| Years of commissioning  selectable | One or more options selected each year of commissioning, depending on GO characteristics. |
| Production months  selectable | One or more options selected in each relevant production period, depending on GO characteristics. |
| Selectable countries | One or more options selected from AIB Member States depending on GO characteristics. |
| Production period | 1 month of the year |