

**Market conduct procedure
With effect from 01.10.2022**

1. Preamble

(1) The present procedure on the conduct of market participation (hereinafter referred to as "**Procedure**") establishes rules of conduct for participants in the natural gas and electricity markets ("**Markets**") organized and administered by the Romanian Commodities Exchange S.A., hereinafter referred to as "**BRM**", on the basis of the license for carrying out the activity of management of centralized markets in the natural gas sector granted by the Decision of the President of ANRE no. 1797/2018 and the license of operator of the electricity market, granted by the Decision of the President of ANRE no. 491/2022.

(2) This Procedure is based on the fundamental principle of the need for a shared responsibility of the BRM and Market Participants for fair and transparent trading on the Markets organised and administered by the BRM.

(3) These rules are intended to enhance market and public confidence in the Markets, their pricing mechanisms and the benchmark nature of trading prices.

2. Scope of application

2.1. Scope

(1) The Procedure is applicable to the Markets and the BRM, to all order and transaction operations and to all Market participants.

(2) The scope of this Procedure includes all acts and conduct, including such acts and conduct that are conducted outside the Markets and that could compromise the integrity of the BRM, trading on the Markets and market prices.

2.2. Legal classification

(1) This Procedure forms part of the BRM rules and regulations applicable to trading on the Markets. It is supplemented by the provisions of the regulations and/or procedures applicable to each Market.

(2) This Procedure does not exempt trading participants from complying with the legal and regulatory provisions applicable to them, including but not limited to the provisions of the Electricity and Natural Gas Law No 123/2012, secondary legislation issued by the National Energy Regulatory Authority (ANRE), Regulation (EU) No 1227/2011 of the European Parliament and of the Council of 25 October 2011 on Wholesale Energy Market Integrity and Transparency (REMIT), prohibitions and relevant rules of criminal and tax law.

(3) In the application of this Procedure by the BRM and its bodies, inconsistencies with the rules referred to in paragraph 2 shall be avoided and interpretation shall be harmonised. In case of inconsistency, higher-ranking provisions shall prevail.

3. Rules of conduct for trading on the Markets

3.1. Market Integrity; Prohibition of insider trading and price manipulation

(1) In order to protect the integrity of the Markets, in particular to ensure free, transparent and fair trading on the Markets, the following principles shall apply to trading on the Markets:

- a) Trading Participants shall comply with applicable laws (in particular REMIT), regulations and/or procedures applicable to each Market, customary business practices and the due diligence of professional market participants;
- b) Participants do not have repeated incidents of payment and/or non-compliance with the minimum collateral levels required by the BRM platforms under the regulations and/or procedures governing each Market in the last 12 months;
- c) Participants do not have repeated payment incidents in the banking system in the last 30 days;
- d) Trading participants and traders behave honestly when trading on the Markets; and
- e) When trading on the Marketplaces, Trading Participants shall take due account of the provisions of this Market Participation Conduct Procedure in relation to the BRM and other Trading Participants.

These principles must be respected even if they lead to the loss of certain direct financial benefits. Trading participants shall also refrain from assisting third parties in attempting to deviate from the above-mentioned principles or to participate in actions that could jeopardise or impede the proper functioning of the Markets.

(2) In particular, trading participants are prohibited:

- a) Buy or sell, directly or indirectly, a product traded on the Markets, or cancel existing orders, using confidential, commercially sensitive information relating to products traded on the Markets, on its own account or on behalf of a third party, unless the use of the information falls within one of the exceptions in Article 3 paragraph 3 or 4 of REMIT;
- b) manipulate stock market transactions on the Markets, in particular all actions that are prohibited likely to give false or misleading signals about trading prices;
- c) use the BRM Markets and its facilities for the purpose of committing economic or fiscal crimes.

(3) The prohibitions provided for in paragraph 1 shall not apply to the following. (2) shall include an attempt to engage in the prohibited conduct.

(4) By virtue of its obligation to act preventively, the BRM may report to ANRE and any other competent authority any suspicion of violation of the provisions of this Article 3.1, may cancel suspicious transactions and may impose provisional sanctions on the participants concerned, in accordance with Article 4, without incurring any liability towards the participants in relation to the final outcome of any investigation carried out by ANRE/competent authority. An indicative guide to the situations constituting such violations can be found

at https://documents.acer.europa.eu/en/remit/Documents/ACER_Guidance_on_REMIT_application_6th_Edition_Final.pdf.

3.2. Firmness of transactions

(1) The BRM shall supervise and monitor the manner in which contracts comprising the obligations undertaken by concluding transactions on the Markets are concluded. Any transaction entered into by a participant as a result of placing orders creates a firm obligation on the participant to enter into the transaction through the post-trade mode applicable under the regulations and/or procedures governing each Market.

(2) Without prejudice to the provisions of Article 4 of this Procedure under which additional penalties may be established, in the event of refusal to sign the contract by one of the parties and/or refusal to correct the contract which does not comply with the applicable post-trade procedure or which does not contain the elements negotiated during the auction, the participant shall retain the security provided for in the procedure governing that Market, which shall be transferred to the other party to the transaction. In the event of refusal of both parties to sign the contract and/or refusal to correct the contract not in accordance with the applicable post-trade procedure, the BRM shall retain the collateral of both parties to the transaction.

(3) Without prejudice to the provisions of Article 4 of this Procedure, on the basis of which additional penalties may be established, for the Electricity Market for Large Final Customers, organised under the Regulation on the organised framework for the contracting of electricity by large final customers approved by Order of the President of ANRE no. 65/2022, in the event of withdrawal of the initiating bid by the initiator of the order after its publication on the BRM website, i.e. in the event of refusal to sign the contract by one of the parties and/or refusal to correct the non-compliant contract or one that does not contain the elements negotiated during the auction, the participant shall retain the guarantee provided for in the Procedure for the Operation of the Energy Market for Large Final Customers organised by the BRM, as a penalty amount. The penalty amount shall be divided equally among all qualified responding participants in the selection phase in the event of withdrawal of the initiating bid by the initiator of the order, or shall be paid to the other party to the transaction in the event of refusal to sign the contract by one of the parties and/or refusal to correct the non-compliant contract by one of the parties to the transaction. If both parties to the transaction are at fault, the penalty amount shall be distributed equally to the other participants who have submitted bids in that trading session.

3.3. Possibility of cancelling transactions

(1) Without prejudice to Article 3.1 para. 2 and 3.2, participants party to a transaction may request the cancellation of erroneous transactions resulting from human error in the completion of the order entry form by at least one participant in accordance with the procedure described in this Article 3.3. For the avoidance of doubt, the cancellation of transactions under this Article 3.3 shall not give rise to the payment of penalties under Article 3.2. Types of human error may include, by way of example: entering a quantity one order of magnitude (10x) above or below the intended value, incorrectly entering the price in terms of an excessive deviation from the specific variation for the trading day in question, inverting the price with the quantity, entering a quantity significantly higher than a Participant's trading average over the last year.

(2) The Participant invoking the human error is obliged to notify the BRM in writing by e-mail, as the requesting Participant, of the erroneous transaction, within a maximum of 30 minutes from the time the erroneous transaction was concluded (expressed as hour/minute), to the official BRM e-mail address: office@brm.ro and gaze@brm.ro for transactions with natural gas underlying assets, respectively to the official BRM e-mail address: office@brm.ro and energie.engros@brm.ro for transactions with electricity underlying assets. The subject of the e-mail will be: **TRANSACTION CANCELLATION REQUEST**.

(3) The BRM will consider the request for cancellation upon receipt of the request for any of the Markets, within a maximum of 1 hour, during working days between 9am and 5pm, respectively within a maximum

of 2 hours after receipt of the request outside of the above working hours. Any cancellation request submitted to the BRM between 20:00 and 08:00 will be taken for consideration after this time.

(4) After reviewing the cancellation request, if the BRM reasonably determines that human error has occurred, the BRM shall notify the other transaction participant to obtain agreement to the actual cancellation of the transaction. If the BRM reasonably determines that the cancellation request is not based on human error, the BRM shall refuse the cancellation request, inform the requesting participant of the reason for the refusal and not notify the other transaction participant.

(5) The other participant party to the transaction notified by the BRM shall, if applicable, confirm its agreement to the cancellation of the transaction in writing by e-mail within 1 hour of receipt of the BRM notification. Failure to do so will make it impossible to cancel the transaction.

(6) Following the agreement of the two participants party to the transaction on the cancellation of the transaction, the BRM will operate the cancellation of the transaction taking into account the time limitations imposed by the physical notification of transactions, depending on the underlying asset and the Market on which the transaction is executed, respectively. For the avoidance of doubt, the BRM does not assume the obligation to cancel, and by default will not be liable for, transactions whose physical notification can no longer be cancelled or modified, as communicated to the relevant transmission operator.

(7) BRM reserves the right to report incidents of cancelled transactions to ANRE.

(8) All cancelled trades will be published by the BRM, without disclosure of the parties to the trade, but only of the elements of the trade (trade ID, trade completion date, product, total quantity, price and reason for cancellation).

(9) The BRM shall aim to continuously monitor the functioning of the trade cancellation process and specifically seek to eliminate the possibility of abusive behaviour in the use of the trade cancellation mechanism based on the premise of human error, in order to ensure an orderly and disciplined market that limits erroneous price signals for the remaining bona fide participants.

4. Sanctions

(1) If trading participants violate the rules established by the regulations and/or procedures applicable to each Market, including those of this Procedure, or fail to comply with the decisions of the BRM issued in application of the aforementioned documents, they may be suspended from trading by decision of the BRM, in whole or in respect of certain Markets, for a period of between 10 days and 6 months, starting from the date of withholding of the guarantee or payment of the penalty amount relating to that violation, if applicable, or from the date of the violation, as the case may be. Until the date of the BRM's decision, participants are provisionally suspended from trading on all Markets.

(2) Participant status may be revoked in the event of repeated suspensions, as applied in paragraph 1. 1 above.

(3) The procedure in para. 1 and 2 shall also apply where regulatory or other public authorities impose a sanction on a trading participant as a result of an act or action in breach of the rules established by the regulations and/or procedures applicable to each Market or by this Procedure.

(4) The provisions of Article 4 do not exclude the sanctions that may be applied by the authorities to Market participants in accordance with the law.

5. Arrangements for lodging, administering and settling appeals

(1) The participant concerned may lodge an appeal in writing to the BRM against the outcome of a trading session in which the participant has participated, or against a sanctioning decision taken pursuant to Article 4 above, within 2 (two) days from the date of the trading session or within 10 (ten) days from the date of the sanctioning decision. The appeal shall not suspend the transaction or decision appealed against.

(2) In the event of a dispute on the outcome of a trading session, the BRM shall register and forward the dispute submitted to the participant concerned and shall request the participant concerned to give its views on the resolution of the dispute submitted within two (2) days from the date of receipt of the dispute. The Participant concerned shall be obliged to send the BRM its views on the submitted contestation within two (2) days of the request. The BRM shall, together with the participant concerned, formulate and transmit to the contesting participant, within a maximum of four (4) days from the date of its registration, the reply to the contestation and the measures taken.

(3) In case of contestation of a sanctioning decision, the BRM shall send to the contesting participant, within a maximum of 10 (ten) days from the date of its registration, the reply to the contestation and the measures taken.

(4) Any challenge shall be resolved taking into account only the electronic records in BRM's trading systems of the time stamp of the entry, modification, cancellation or execution of participants' orders, which records shall be fully enforceable against the participants. BRM shall not be liable for any display and communication errors or communication delays between the participant's computer systems and BRM's computer systems, including but not limited to (i) entry of orders into a system other than the trading system, (ii) errors caused by power outages, Internet connection errors, operating system errors, technical difficulties that may affect the functioning of Internet connections and/or computer equipment and/or Internet provider applications and/or malfunction of e-mail, technical problems and/or heavy Internet traffic; (iii) errors caused by incorrect use of the personal computer or other equipment by the participant (power failure of the computer, errors caused by the operating system installed on the computer, errors caused by the computer operating system being infected, etc.).