

**TRADING PROCEDURE ON CENTRALIZED NATURAL GAS MARKETS  
ADMINISTERED BY THE ROMANIAN COMMODITIES EXCHANGE  
(ROMANIAN COMMODITIES EXCHANGE) S.A., UNDER THE CONDITIONS OF USE OF  
A CLEARING HOUSE/COUNTERPARTY**

**GENERAL PROVISIONS**

**Art.**

This procedure establishes the organized framework for trading natural gas on the medium- and long-term standardized products market through an electronic trading platform administered by the Romanian Commodities Exchange (Romanian Commodities Exchange) S.A., hereinafter referred to as "BRM", as a licensed operator in the administration of centralized natural gas markets, under the conditions of using the services of a clearing house/counterparty to guarantee the fulfillment of the financial obligations of market participants.

**TERMINOLOGY**

**Art.**

1. For the purposes of this procedure, the terms and abbreviations used shall have the following meanings:
  - a) **Framework agreement for clearing/counterparty services** – shall be represented by the Clearing Member Acceptance Agreement, published on the BRM website;
  - b) **Competent authority** – the National Energy Regulatory Authority (ANRE);
  - c) **Broker** - a natural person employed by an economic operator or a brokerage company, whose main duties are to enter and maintain orders during trading sessions/auctions and who has the right to engage the liability of the economic operator he represents in relation to BRM;
  - d) **Clearing house** - a financial company designated by BRM to act as Counterparty. The clearing house operates according to its own procedures, its own license, and approvals obtained from the financial supervisory bodies ESMA (European Securities and Markets Authority);
  - e) **Clearing/settlement** - represents a process of managing and calculating financial positions, based on which the amount of guarantees is determined to cover the risk of financial loss caused by the replacement of open positions as a result of transactions carried out.
  - f) **Standard contract** - a concept specific to electronic trading that represents the total quantity of a sell/buy order for the entire delivery period and delivery profile of a standardized product;

- g) **Counterparty** – an entity that acts as an intermediary between the seller and the buyer from a financial point of view, becoming the buyer for the seller and the seller for the buyer, with the aim of ensuring the settlement of the transaction concluded on the market on their behalf.  
BRM can act as Counterparty in medium and long-term transactions;
- h) **Trade confirmation** – notification received by the participant through the trading system, confirming a transaction carried out by the participant;
- i) **Participation Agreement** - standard agreement defined by BRM, concluded with participants, which sets out the mutual rights and obligations of the parties regarding participation in the energy markets administered by BRM;
- j) **Transmission and System Operator (TSO)**, in this case S.N.TG.N. Transgaz S.A.;
- k) **Order/offer to sell/buy** - an offer submitted by a participant, consisting of a price-quantity pair and other specific attributes, which represents the participant's firm commitment;
- l) **Participant** - economic operator in the natural gas sector who signs the Participation Agreement, signs the Framework Agreement for clearing/counterparty services and has a balancing contract and access to PVT in force concluded with the transmission system operator;
- m) **Price** - the price at which the transaction was executed, recorded, and displayed by the trading system;
- n) **Best price** - price defined as the price of the order with the highest execution priority, namely the highest purchase price or the lowest sale price of a tradable product;
- o) **Double competitive trading mechanism** - set of rules and mechanisms for bidding, negotiation, and trading established by this procedure. It involves the launch of standardized tradable products by the BRM during a trading session;
- p) **Standardized product** – product defined within the BRM trading system, having as its object the sale and purchase of natural gas in the medium and long term;
- q) **Trading report** – a statement issued by the BRM trading systems, containing complete data on the bids submitted, interventions made during the trading session/auction, and transactions executed;
- r) **Counterparty Regulations** - The Romanian Commodities Exchange's regulations on clearing, settlement, and risk management as a Counterparty and the Instructions issued on the basis thereof or the regulations of the Clearing House, in the event that such an entity is designated as a Counterparty, as applicable;
- s) **Trading session** - the period during which the trading procedure is carried out, during which offers to sell and/or buy may be entered, modified, suspended, or canceled, and transactions may be concluded - if the matching conditions established by the trading system algorithms are met;
- t) **Trading systems** - computer systems operated and administered by BRM for the purpose of executing transactions;

- u) **Transaction** – an operation concluded in the trading system following the matching of a sale offer with a purchase offer, in accordance with the specific algorithms of the trading systems;

(2) The other terms and definitions used in this Procedure have the meanings set out in the Regulation on the organised framework for trading standardised products on centralised natural gas markets administered by the Romanian Commodities Exchange (Romanian Commodities Exchange) S.A., hereinafter referred to as the "Regulation", as well as in the relevant legislation in force.

### STANDARDISED PRODUCTS ADMITTED TO TRADING

**Art. 3.** (1) On the medium and long-term products market, under the conditions of using a clearing house/counterparties, BRM organizes trading sessions for the following standardized products:

- a. MONTH (delivery interval - gas month)
- b. QUARTER (delivery interval - gas quarter)
- c. SEMESTER (delivery interval – gas semester)
- d. COLD SEASON (delivery period – gas quarters IV and I)
- e. WARM SEASON (delivery period – gas quarters II and III)
- f. GAS YEAR (delivery period - gas year)
- g. CALENDAR YEAR (delivery period - calendar year).

(2) The description and characteristics of each standardized product are set out in **the Annex** to this procedure.

### SPECIFIC REQUIREMENTS FOR PARTICIPATION AND TRADING

**Art.**

(1) Participation in transactions on the medium and long-term product market is permitted to economic operators who meet the following requirements:

- ☐ holders of a valid license issued by ANRE to trade natural gas, who have previously concluded a balancing and access contract to the PVT with the TSO;
- ☐ operators of natural gas distribution and storage systems who have previously concluded a balancing and access contract with the TSO and have the right to trade exclusively on the purchase side;
- ☐ end customers who have concluded a balancing and access contract with the TSO, with the right to trade on the buy side; on the sell side, they have the right to sell natural gas only in order to efficiently balance their own portfolio;
- ☐ the transmission and system operator, for the purpose of undertaking physical balancing actions of the transmission system and establishing the minimum mandatory natural gas stock.

- (2) The standardized products referred to in Article 3(1) have the following characteristics:
- they concern the transfer of ownership rights in the PVT over quantities of natural gas to be delivered to the PVT, on a daily basis, for a period of more than one gas day;
  - the transfer is carried out on the basis of the trading report issued by the BRM trading systems;
  - the quantity traded under such a standard contract is 1 MWh/day;
  - the subject matter of the transaction is a standard contract or a multiple of standard contracts, and the elements that may be modified by the interested parties during trading sessions are the price per standard contract and the number of standard contracts traded;
  - the price and number of standard contracts relating to a concluded transaction cannot be modified after the transaction has been concluded.
- (3) Transactions between Participants shall be concluded upon matching of orders, in accordance with Article 8 of this Procedure, and the Transaction shall be taken over by the Counterparty, without the need to conclude a written natural gas sale and purchase agreement. The terms and conditions governing the contracts are those set out in paragraph 2 above, and the financial settlement and guarantee of the participants' performances shall be made in accordance with the Clearing, Settlement and Risk Management Regulations of the Romanian Commodities Exchange as Counterparty.

## **TRADING PROCESS**

**Art. 5.** The trading mechanism used within the medium and long-term product market administered by BRM is the double competitive trading mechanism.

### **DOUBLE COMPETITIVE TRADING MECHANISM**

**Art. 6.** The launch of standardized products for trading is done at the initiative and by the BRM, as follows:

- (1) The launch of an asset for delivery periods of at least one month shall be made at least 5 calendar days before the first day of the delivery interval;
- (2) The launch of an asset for periods exceeding one month shall be made at least one month before the first day of the delivery interval.

## I. STAGES OF THE TRADING SESSION

### Art. 7.

- (1) Starting with the opening of the trading session, brokers enter orders. These are validated only if they cumulatively meet the following conditions:
  - a) mention of the quantity, price, and validity period of the order;
  - b) the existence in the guarantee account of an amount available greater than or equal to the value of the guarantee required for trading the order, in accordance with the provisions of this Procedure and those of the Counterparty Regulations.
- (2) To calculate the margin required for trading the order, BRM establishes a level of variation in the price of the order entered during a trading session, calculated in relation to the daily settlement price of the previous day, calculated in accordance with the Counterparty Regulations, adjusted in the event of high volatility with the variation during the trading session. For clarity, BRM will take into account, at the time of order entry, the cumulative collateral requirements consisting of the Initial Margin and the Variation Margin.
- (3) BRM will calculate the required margin before accepting an order for trading, based on the price variation level mentioned in paragraph 2 above, according to the calculation algorithm provided by the Counterparty Regulations.
- (4) The Counterparty may request additional collateral before accepting an order for trading, following an assessment by the Counterparty's risk department, if, according to the trading history of the participant in question, the order shows significant deviations from the previous trading profile, which implicitly makes it impossible to predict the financial capacity of the participant in question to execute the transaction resulting from that order.
- (5) The elements to be entered by the participant when launching the offer are:
  - a) the meaning of the offer (sale/purchase);
  - b) minimum natural gas volume: the minimum volume is 1 contract of 1 MWh/day multiplied by the number of days in the tradable interval. The total minimum tradable volume is defined automatically for each product individually;
  - c) the price for products will be expressed in Lei/MWh, a positive number, with a maximum of 2 (two) decimal places;
  - d) order validity period (optional); if not filled in, the system will automatically generate the end date of the trading session.
- (6) Orders entered can be maintained by brokers as follows:
  - i. price modification; ii. quantity modification; iii. modification of the validity period of the order.

## II. CORRELATION OF ORDERS

**Art. 8.** (1) Purchase and sale orders shall be automatically sorted in the trading system so that the best offers in terms of price are displayed first. In the event of a tie in price, offers shall be sorted by timestamp, with the oldest being displayed first.

- (2) For sell orders, the sell order is matched with a buy order at the same price or a better price, for the maximum quantity determined by the competition between the quantities mentioned in the two opposite orders, at the price of the sell order.
- (3) For buy orders, the buy order is matched with a sell order at the same price or a better price, for the maximum quantity determined by the competition between the quantities mentioned in the two opposite orders, at the price of the buy order.
- (4) If the transaction was executed only for part of the quantity specified in an order, that order shall be maintained in the trading system for the remaining quantity.
- (5) Transactions concluded through the counterparty mechanism shall be notified to the OTS by the Clearing House  
/ BRM as counterparty, as applicable.

### **III. TRADING REPORT**

#### **Art. 9.**

- (1) At the end of each trading session, the trading system generates a report containing the following elements:
  - a) the name of the standardized product;
  - b) the quantity of natural gas subject to the transaction;
  - c) the prices offered;
  - d) changes in quantities and prices during the trading session (order status), with the associated timestamp;
  - e) the transaction(s) concluded during the session, mentioning the quantity, price, and participants in the transaction(s) concluded.
- (2) The results of the trading session are published on the BRM website, in accordance with the provisions of

"Regulations on the organised trading framework on the centralised natural gas markets administered by the Romanian Commodities Exchange (Romanian Commodities Exchange) S.A.".

- (3) After the end of a trading session, participants have access to their own transaction confirmations through the BRM trading system.
- (4) The trading report is sent to the brokers participating in the trading session in electronic format.
- (5) The trading system records and archives all bids entered, including their life cycle, transactions executed, and reports generated, for a maximum period of 5 years, during which time they can be accessed by the participants to whom they refer.

## **CLEARING PROCESS**

### **Art. 10.**

- (1) Clearing/settlement shall be carried out in accordance with the Counterparty Regulations.
- (2) Without prejudice to the role of the Clearing House/Counterparty, the transactions carried out determine the participant's firm obligations to deliver/take delivery of natural gas, in full compliance with the characteristics of the products traded in accordance with this Procedure.
- (3) All transactions accepted by the Clearing House/Counterparty shall be maintained continuously in the counterparty and trading system until the final execution of the conditions established by the transaction, in accordance with the Counterparty Regulations.
- (4) All rights and obligations arising from the transaction shall be strictly observed by the parties to the transaction.

## **GUARANTEE OF OBLIGATIONS**

### **Art. 11.**

- (1) The execution and guarantee of transactions carried out under the conditions of using a Clearing House/Counterparty shall be in accordance with the Counterparty Regulations.

In order to benefit from the clearing house/counterparty trading services, participants must sign the Framework Agreement for Clearing/Counterparty Services, which requires the cumulative fulfillment of the following conditions:

- to meet the requirements established by the Clearing House/Counterparty in the Counterparty Regulations;
  - hold a valid license issued by ANRE to trade natural gas and/or meet the conditions set out in Article 4(1) of this Procedure;
  - provide the guarantees requested by the Clearing House/Counterparty;
- (2) The guarantees are calculated according to the algorithms established by the Clearing House/Counterparty and are intended to support each transaction of a participant.
  - (3) The clearing house/counterparty is not responsible for the delivery/takeover of traded natural gas quantities or for any imbalances generated by them. Imbalances are managed by the TSO in accordance with the provisions of the Network Code for the National Natural Gas Transmission System approved by ANRE Presidential Order No. 16/2013, as amended and supplemented.
  - (4) Notifications, cases of non-fulfillment of obligations by transaction participants, as well as all information necessary to ensure the entire process are agreed between the BRM, the Clearing House/Counterparty, and the TSO on the basis of specific protocols/agreements.

## **RISK MANAGEMENT**

### **Art.**

Trading in natural gas associated with clearing services through the Clearing House/Counterparty involves the following categories of risk, which are addressed as follows:

(a) Financial risk - occurs when a member fails to meet its obligation to deposit collateral by the agreed deadline or violates the settlement rules. In this case, the Clearing House/Counterparty will suspend services and begin to mobilize the available guarantees in accordance with specific regulations. Rights may only be restored after the participant in question has fully fulfilled their obligation or in accordance with the sanctions imposed by the Counterparty Regulations.

(b) The risk of total and/or partial physical non-delivery occurs when:

- the selling participant loses access to the PVT and/or does not deliver the traded quantity of natural gas under the established conditions, as the Clearing House/Counterparty can no longer make the notification in the PVT related to the selling participant;
- the seller participant does not deliver the traded quantity of natural gas under the established conditions for other reasons, in which case the Clearing House/Counterparty can no longer make the notification in the PVT related to the seller participant.

In these cases, the Clearing House/Counterparty will not guarantee physical delivery, but will maintain the notification(s) in the PVT for the Buyer participant and will retain the Seller participant's guarantees in order to initiate a process of replacing the positions related to the undelivered volumes and will notify the TSO of this replacement.

(c) The risk of total and/or partial physical non-takeover occurs when:

- the Buyer participant loses access to the PVT and/or does not take delivery of the traded quantity of natural gas under the agreed terms, in which case the Clearing House/Counterparty can no longer make the notification in the PVT related to the Buyer participant;
- the Buyer participant does not take delivery of the traded quantity of natural gas under the agreed terms for other reasons.

In these cases, the Clearing House/Counterparty will not guarantee physical non-takeover, but will maintain the notification(s) in the PVT for the Seller participant and will retain the Buyer participant's guarantees in order to initiate a process of replacing the positions related to the non-taken volumes and will notify the TSO of this replacement.

(d) Failure of the process of replacing the positions related to the uncollected/undelivered volumes, resulting in imbalances established by the TSO, shall not result in the withdrawal of the notification in the PVT.

(e) The risk of notification in the PVT refers to the situation in which the Clearing House/Counterparty fails to make, or makes incorrectly, the notification(s) in the PVT related to a transaction for any of the Participants. In this case, the Clearing House/Counterparty will financially compensate the value of the imbalance caused to the respective participants.



## **FEES AND COMMISSIONS**

**Art.**

(1) For the activities and services provided, BRM has the right to charge participants in the centralized market fees and commissions, as follows:

- a) annual registration and maintenance fee;
- b) trading commission for the futures market on a counterparty basis, applied only to participants who are parties to the transaction;
- c) counterparty regime administration (clearing and settlement) commission.

(2) In the event of failure to pay the obligations referred to in paragraph (1) by the due date, BRM has the right to suspend the participant's access to trading sessions until the obligations are honored.

**Art. 14.**

The fees and commissions charged as the operator of the centralized natural gas market are established based on the decision of the BRM Board of Directors and are published on the BRM website. BRM is required to inform Participants of the establishment and/or modification of fees and commissions at least 30 calendar days before the new fees/commissions come into effect.

## **REGIME FOR SUBMITTING, ADMINISTERING, AND RESOLVING DISPUTES**

**Art. 15.**

The interested party may file a complaint under the conditions provided for in the Procedure on Market Conduct. The filing of a complaint does not affect the right of the Clearing House/Counterparty/BRM to take, until resolution, any measures provided for in the Counterparty Regulations.

## **PUBLICATION**

**Art.**

For transactions concluded on the standardized products market on the medium and long-term products market, the BRM shall publish the following information daily, at the end of the trading interval, on its website:

1. trading volumes and the number of transactions concluded in this regard - for each product separately;
2. minimum trading price of the day - for each product individually;
3. the maximum trading price of the day - for each product individually;
4. the average trading price for the day - for each product, calculated as the weighted average of the transactions on that day;
5. the current average price - for each product - for products that can be traded over a longer period of time, calculated as the weighted average of all transactions

- made from the beginning of the trading interval for that product until the end of the trading day;
6. the variation of the weighted average price from the average/weighted average price of the previous day - for each product;
  7. closing price of the trading day – the last trading price recorded at the close of the market for each product;
  8. the variation in the closing price of the day compared to the closing price of the previous day – for each product individually;
  9. the number of registered market participants who have submitted at least one bid on the market, regardless of its direction – sale or purchase.

**Art. 17.** BRM shall submit monthly to ANRE detailed information on each transaction concluded on the centralized natural gas market in each trading session by the 10th day of the current month for the previous month, in accordance with ANRE regulations.

**Art. 18.**

- (1) BRM reserves the right to amend and/or supplement this procedure, in compliance with the public consultation process in accordance with ANRE regulations. The only version binding on BRM is the one posted on its website.
- (2) The annex is an integral part of this procedure.

## ANNEX to the procedure

**A. STANDARDISED TRADABLE PRODUCTS**

<b>PRODUCT NAME</b>	<b>CODING</b>
1. MONTH / BRM_GAS_PHFH	Gas Forward CCP M_month-yyyy (name of the respective month)
2. QUARTER / BRM_GAS_PHFQ	Gas Forward CCP Q_Qn-yyyy (number from 1 to 4)
3. FIRST SEMESTER /BRM_GAS_PHFS1	Gas Forward CCP GS_S1-yyyy
4. SECOND SEMESTER / BRM_GAS_PHFS	Gas Forward CCP GS_S2-aaaa
5. COLD SEASON/BRM_GAS_PHFCS	Gas Forward CCP GN_CS – aaaa
6. WARM SEASON/ BRM_GAS_PHFWS	Gas Forward CCP GN_WS – aaaa
7. GAS YEAR / BRM_GAS_PHFGY	Gas Forward CCP GY-aaaa
8. CALENDAR YEAR /BRM_GAS_PHFY	Gas Forward CCP Y – aaaa