



NATURAL-GAS MARKET RULES (*)

*approved with the Decree of the Minister of Economic Development of 6 March 2013,
as subsequently amended and supplemented*

() Please note that this translation is provided for convenience only. In case of discrepancies, the Italian text shall govern.*

TABLE OF CONTENTS

TITLE I GENERAL PROVISIONS

<i>Article 1</i>	<i>Text and Annexes</i>
<i>Article 2</i>	<i>Definitions</i>
<i>Article 3</i>	<i>General Principles and Amendments to the Rules</i>
<i>Article 4</i>	<i>Technical Rules</i>
<i>Article 5</i>	<i>Units of Measurement and Rounding off</i>
<i>Article 6</i>	<i>Access to GME's Information System</i>
<i>Article 7</i>	<i>Fees for the Services Provided by GME</i>
<i>Article 8</i>	<i>Contribution to the Resources to Be Used for Default Management</i>
<i>Article 9</i>	<i>Market Information</i>
<i>Article 10</i>	<i>Communication and Publication of Data and Information</i>
<i>Article 11</i>	<i>Security of Access</i>

TITLE II ADMISSION TO THE MARKET

<i>Article 12</i>	<i>Requirements for Admission to the Market</i>
<i>Article 13</i>	<i>Market Participation Application and Market Participation Agreement</i>
<i>Article 14</i>	<i>Documents to Be Enclosed to the Market Participation Application</i>
<i>Article 15</i>	<i>Admission Procedure</i>
<i>Article 16</i>	<i>Admission of Snam Rete Gas to the Market</i>
<i>Article 17</i>	<i>Register of Market Participants</i>
<i>Article 18</i>	<i>Data and Information for Participation in the Market</i>
<i>Article 19</i>	<i>Data and Information about Market Participants Authorised to Operate at the PSV</i>
<i>Article 20</i>	<i>Request of Information</i>
<i>Article 21</i>	<i>Notification Obligations</i>
<i>Article 22</i>	<i>Exclusion from the Market on Request</i>

TITLE III OPERATION OF THE MARKET

<i>Article 23</i>	<i>Purpose of the Market</i>
<i>Article 24</i>	<i>Market Sessions</i>
<i>Article 25</i>	<i>Definitivity of Transactions</i>
<i>Article 25 bis</i>	<i>Registration of net position at the PSV</i>

SECTION I SPOT GAS MARKET (MP-GAS)

<i>Article 26</i>	<i>Purpose of the MP-GAS and Types of Tradable Contracts</i>
-------------------	--

SUBSECTION I DAY-AHEAD GAS MARKET (MGP-GAS)

<i>Article 27</i>	<i>Purpose of the MGP-GAS</i>
<i>Article 28</i>	<i>Submission of Bids/Offers</i>
<i>Article 29</i>	<i>Validation and Adequacy Verification of Bids/Offers</i>
<i>Article 30</i>	<i>Continuous Trading in the MGP-GAS</i>
<i>Article 31</i>	<i>Registration of the Net Delivery Position at the PSV</i>
<i>Article 32</i>	<i>Notification of the Results of the MGP-GAS</i>

SUBSECTION II INTRA-DAY GAS MARKET (MI-GAS)

<i>Article 33</i>	<i>Purpose of the MI-GAS</i>
<i>Article 34</i>	<i>Submission of Bids/Offers</i>
<i>Article 35</i>	<i>Validation and Adequacy Verification of Bids/Offers</i>
<i>Article 36</i>	<i>Continuous Trading in the MI-GAS</i>
<i>Article 37</i>	<i>Registration of the Net Delivery Position at the PSV</i>
<i>Article 38</i>	<i>Notification of the Results of the MI-GAS</i>

SECTION II FORWARD GAS MARKET (MT-GAS)

- Article 39 Purpose of the MT-GAS and Types of Tradable Contracts*
- Article 40 Submission of Bids/Offers*
- Article 41 Order Book and Minimum Tradable Volume*
- Article 42 Validation and Adequacy Verification of Bids/Offers*
- Article 43 Continuous Trading*
- Article 44 Cascading Mechanism*
- Article 45 Notification of the Results of the MT-GAS*
- Article 46 Managing errors in the MT-GAS*

SECTION III EMERGENCY PROCEDURE AND SUSPENSION OF THE MGAS

- Article 47 Emergency Procedure*
- Article 48 Suspension of the MGAS*

TITLE IV BILLING AND INVOICING OF PAYABLES AND RECEIVABLES

SECTION I BILLING OF PAYABLES AND RECEIVABLES

- Article 49 Billing of Accepted Bids/Offers*

SECTION II INVOICING OF PAYABLES AND RECEIVABLES

- Article 50 Invoicing Period*
- Article 51 Invoicing*
- Article 52 Invoice Contents*
- Article 53 Application of Fees for the Services Provided by GME*

TITLE V GUARANTEE SYSTEMS, SETTLEMENT OF PAYMENTS AND DEFAULT

SECTION I GUARANTEE SYSTEMS

- Article 54 Treasury Services*
- Article 55 Financial Guarantees of Market Participants*
- Article 56 Amount of the Guarantee*
- Article 57 Available Amount of the Guarantee for the Purposes of the Adequacy Verification in the MGAS*

SECTION II SETTLEMENT OF PAYMENTS

- Article 58 Offsetting of Payments*
- Article 59 Payments from Market Participants to GME*
- Article 60 Payment of Fees*
- Article 61 Payments from GME to Market Participants*

SECTION III DEFAULT

- Article 62 Cases of Default by the Market Participant*
- Article 63 Management of Default*
- Article 64 Suspension of the Market Participant*
- Article 65 Default by the Bank Issuing the Guarantee*
- Article 66 Closing of the Market Participant's Positions*
- Article 67 Default Interest and Penalties*

TITLE I GENERAL PROVISIONS

Article 1 Text and Annexes

- 1.1 These Natural-Gas Market Rules (hereafter the “Rules”) and the documents annexed hereto, which are an integral and essential part hereof, contain the rules governing the operation of the gas market adopted in compliance with article 30 of Law no. 99 of 23 July 2009 and with article 32, para. 2 of Legislative Decree no. 93 of 1 June 2011.

Article 2 Definitions

- 2.1 For the purposes of these Rules:
- a) **Accepted Bid/Offer** shall mean an adequate bid/offer for which the Market Participant acquires the right to receive the requested service or the obligation to supply the offered service, at prices established in accordance herewith;
 - b) **Adequate Bid/Offer** shall mean a valid bid/offer which has been verified successfully as prescribed herein;
 - c) **AEEGSI** shall mean the *Autorità per l'energia elettrica il gas e il sistema idrico* (Italian Regulatory Authority for Electricity Gas and Water), which was set up in compliance with Law no. 481 of 14 November 1995;
 - d) **AEEGSI's Decision 312/2016/R/GAS** means the decision of 16 June 2016 titled "Gas balance, implementing (EU) Regulation 312/2014" that incorporates and supplements the provisions of (EU) Regulation 312/2014;
 - e) **Applicable Period** shall mean the gas-day, i.e. the period of 24 consecutive hours beginning at 6:00 of each calendar day and ending at 6:00 of the next calendar day;
 - f) **Balance-of-Month (BoM)** shall mean the forward contract having a delivery period equal to the set of gas days that are left until the end of the reference month for which delivery has not yet been made;
 - g) **Billing** shall mean the determination of the values of payables and receivables;
 - h) **CSEA** shall mean the Cassa per i servizi energetici e ambientali (electricity and environmental services fund);
 - i) **Check Price** shall mean the price determined by GME for carrying out adequacy verifications in the MGAS;
 - j) **Continuous Trading** shall mean the trading mechanism based on automatic matching of demand bids with supply offers and continuous entry of new bids/offers during the trading sessions;
 - k) **Contractual Position** shall mean the algebraic sum, calculated for each type of contract, of the gas volumes underlying the purchase and sale contracts concluded by the Market Participant in the MGAS;
 - l) **Day-Ahead Gas Market** (*Mercato del Giorno Prima del Gas - MGP-GAS*) shall mean the venue where gas demand bids and supply offers are traded for the applicable period following the one in which the MGP-GAS session ends;

- m) **Decree of 9 August 2013** shall mean the Decree adopted by the Ministry of Economic Development on 9 August 2013, setting the date of take-off of the MT-GAS, as of which these Rules shall fully supersede the Gas Market Rules, approved by the Ministry of Economic Development on 26 November 2010, as subsequently amended and supplemented;
- n) **Delivery Period** shall mean the period in which the gas underlying spot and forward contracts is injected/withdrawn;
- o) **Electricity Market Participant** shall mean a natural or legal person (individual or organisation) admitted to trading in the electricity market organised and managed by *Gestore dei Mercati Energetici S.p.A.*;
- p) **Exclusion from the Market** shall mean the loss of the status of Market Participant;
- q) **Forward Contracts** shall mean the contracts tradable in the MT-GAS and identified herein;
- r) **Forward Gas Market with delivery-making/-taking obligation** (*Mercato del Gas a Termine con obbligo di consegna e ritiro - MT-GAS*) shall mean the market where forward contracts are traded;
- s) **GME** shall mean *Gestore dei Mercati Energetici S.p.A.*, the company (*società per azioni*) that is vested, among others, with the economic management of the electricity market under article 5 of Legislative Decree 79/99 and the economic management of the natural-gas market under article 30 of Law no. 99 of 23 July 2009;
- t) **Identification Code of the Market** shall mean the alphanumeric code uniquely identifying a market;
- u) **Identification Code of the Market Participant** shall mean the alphanumeric code uniquely identifying a party in view of participation in the market;
- v) **Intra-Day Gas Market** (*Mercato Infragiornaliero del Gas - MI-GAS*) shall mean the venue where gas demand bids and supply offers are traded for the applicable period corresponding to the one in which the MI-GAS session ends;
- w) **Law no. 99 of 23 July 2009** shall mean the law concerning provisions on development and internationalisation of companies, as well as on energy matters, published in *Gazzetta Ufficiale* no. 176, *Supplemento Ordinario* of 31 July 2009;
- x) **Legislative Decree 93/11** shall mean Legislative Decree no. 93 of 1 July 2011 implementing Directives 2009/72/EC, 2009/73/EC and 2008/92/EC concerning common rules for the internal market in electricity, in natural gas and a Community procedure to improve the transparency of gas and electricity prices charged to industrial end-users, and repealing Directives 2003/54/EC and 2003/55/EC, published in *Supplemento Ordinario* no. 157/L, *Gazzetta Ufficiale* no. 148 of 28 June 2011;
- y) **Legislative Decree 79/99** shall mean Legislative Decree no. 79 of 16 March 1999 implementing Directive 96/92/EC concerning common rules for the internal market in electricity, published in *Gazzetta Ufficiale* no. 75 of 31 March 1999;
- z) **Legislative Decree 164/00** shall mean Legislative Decree no. 164 of 23 May 2000 implementing Directive 98/30/EC concerning common rules for the internal market in natural gas, as per Article 41 of Law no. 144 of 17 May 1999, as subsequently amended and supplemented;

- aa) **Market** shall mean the Gas Market (***Mercato del Gas - MGAS***) organised and managed by GME and consisting of the Spot Gas Market (MP-GAS) and of the Forward Gas Market with delivery-making/-taking obligation (MT-GAS);
- bb) **Market Participant** shall mean a natural or legal person, including the PA Market Participant, admitted to trade on the Market; **Market Session** shall mean the set of activities directly related to receiving and processing bids/offers, as well as determining the corresponding results;
- cc) **MGA guarantee fund** means the fund established by CSEA, referred to in Opinion 4/2013/I/GAS and Decision 365/2013/R/gas, Decision 502/2016/R/GAS and subsequent amendments and integrations.
- dd) **Net Delivery Position** shall mean the algebraic sum, calculated for each applicable period, of the gas volumes (underlying the purchase and sale contracts concluded by the Participant in the MGAS) to be delivered;
- ee) **Network Code** shall mean the terms and conditions established by AEEG for the gas transmission service under article 24, para. 5 of Legislative Decree 164/00 and the rules established by *Snam Rete Gas*;
- ff) **Order Book** shall mean the on-line report of trading orders that Market Participants have entered into the market information system and that are ranked by price and time of entry;
- gg) **PA Market Participant** shall mean the Public Administration as per Art. 1, paragraph 209 of Law no. 244 of 24 December 2007;
- hh) **PSV** shall mean the *Sistema per Scambi/Cessioni di Gas al Punto di Scambio Virtuale – modulo PSV* (gas trading system at the Virtual Trading Point – PSV) referred to in AEEG's Decision 22/04 (as subsequently amended and supplemented) and organised and managed by *Snam Rete Gas*;
- ii) **PSV Code** shall mean the code that *Snam Rete Gas* has assigned to an operator in view of access to the gas trading system at the Virtual Trading Point - PSV;
- jj) **Reference Price** shall mean the average price per MWh, weighted for the related volumes, of all transactions carried out in a market session;
- kk) **Settlement** shall mean the payment process on the MGAS;
- ll) **Snam Rete Gas** shall mean the company *Snam Rete Gas S.p.A.*;
- mm) **Spot Contracts** shall mean the contracts tradable in the MP-GAS and identified herein;
- nn) **Spot Gas Market** (*Mercato del Gas a Pronti – MP-GAS*) shall mean the set of the Day-Ahead Gas Market (MGP-GAS) and of the Intra-Day Gas Market (MI-GAS) where spot contracts are traded;
- oo) **Suspension of the Market Participant from the Market** shall mean the temporary prohibition for a Market Participant to submit bids/offers into the market;
- pp) **Terms and Conditions for Trading Natural Gas at the PSV** shall mean the terms and conditions (*Condizioni per la cessione e lo scambio di gas naturale al PSV*) approved by AEEG with its Decision 22/04 of 26 February 2004, as subsequently amended and supplemented;
- qq) **Trading Period** shall mean the period during which spot and forward contracts are traded;
- rr) **Valid Bid/Offer** shall mean a bid/offer submitted in accordance with the procedures and within the time limits indicated herein;

ss) **Working Day** shall mean a day from Monday to Friday, with the exception of holidays recognised by the State for all civil purposes, as well as any other days indicated in the Technical Rules.

Article 3
General Principles and Amendments to the Rules

- 3.1 GME shall fulfil its responsibilities in transparent and non-discriminatory ways with a view to safeguarding the proper operation of the MGAS.
- 3.2 With exception to the confidentiality obligations covered hereby or by the market participation agreement referred to in Article 13, para. 13.1 b) hereof, GME may at any time report behaviours directly or indirectly affecting the proper operation of the market to the relevant authorities.
- 3.3 GME shall put in place an organisational structure suitable for preventing real or potential conflicts of interest and adopt procedures for monitoring compliance both with these Rules and with the Technical Rules.
- 3.4 In their activities in the market, Market Participants are required to abide by common principles of correctness and good faith.
- 3.5 GME may propose amendments hereto and notify them to the parties concerned by posting them on its website or by other suitable means, allowing at least fifteen days for the submission of comments, if any. Taking into account the comments received, GME shall submit the proposed amendments (and their rationale) to the Minister of Economic Development for approval after hearing the opinion of AEEGSI.
- 3.6 The procedure referred to in para. 3.5 above shall not apply to urgent amendments hereto having the purpose of safeguarding the regular functioning of the market. Any such amendment proposed by GME shall have effect as of the date of its publication on GME's website and be timely submitted to the Minister of Economic Development for approval after hearing the opinion of AEEGSI. In case of non-approval, the amendment shall cease to have effect as of the date of notification of the Minister's decision to GME. GME shall timely notify the outcome of the approval procedure to Market Participants by posting an appropriate notice on its website.

Article 4
Technical Rules

- 4.1 The implementing and procedural provisions hereof shall be set out in the Technical Rules (*Disposizioni Tecniche di Funzionamento* - DTF). In formulating the Technical Rules, GME shall adopt criteria of neutrality, transparency, objectivity and competition between or among Market Participants.
- 4.2 The Technical Rules shall be posted on GME's website and become effective as of the date of their publication.
- 4.3 GME may also provide interested parties with draft versions of the Technical Rules, setting a date by which such parties may submit their comments.

Article 5
Units of Measurement and Rounding off

- 5.1 For the purposes of the market GME follows the unit of measurement defined in the Technical Rules
- 5.2 For the purposes of the market, figures shall be rounded off according to the mathematical criterion. In particular, figures shall be rounded up or down to the nearest last decimal allowed and, if the result is halfway, they shall be rounded up.

Article 6
Access to GME's Information System

- 6.1 Access to GME's information system shall take place through the Internet in compliance with the procedures and within the time limits defined in the Technical Rules or by any other means as defined therein.

Article 7
Fees for the Services Provided by GME

- 7.1 For the services provided by GME in the MGAS, Market Participants shall pay:
- a) an access fee;
 - b) a yearly fixed fee;
 - c) a fee for the MWh traded;
 - d) a fee applied in case of request of activation of the error management procedure referred to in Article 46 below.
- 7.2 If the MGAS Market Participant is at the same time an Electricity Market Participant, he/she/it shall not pay the fee referred to in para. 7.1 a) above to GME.
- 7.3 On a yearly basis, GME shall determine the extent of the fees referred to in para. 7.1 a), b) and c) above. The amount of the fees, having effect as of 1 January of the following year, shall be published on GME's website.
- 7.4 On a yearly basis, GME shall determine the extent of the fee referred to in para. 7.1 d) above; upon its first application, the fee shall have immediate effect; subsequently, it shall have effect as of 1 January of the following year. The amount of the fee shall be published on GME's website

Article 8
Contribution to the Resources to Be Used for Default Management

- 8.1 Under the provisions issued by AEEGSI, MGAS Market Participants shall pay a non-returnable contribution into the MGAS guarantee fund. The contribution shall be applied to the MWh traded and materially collected by GME under the procedures and within the time limits specified in the Technical Rules.

- 8.2 On a yearly basis, GME shall determine the extent of the contribution mentioned in para. 8.1 above; upon its first application, the contribution shall have immediate effect; subsequently, it shall have effect as of 1 January of the following year. The amount of the contribution shall be posted on GME's website.

Article 9 **Market Information**

- 9.1 The data and market results, at the aggregate level, are in the public domain and published on the GME's website. Participants shall have access to data and market information that directly concern them.
- 9.2 Except in cases where the reporting obligation by laws, regulations or other measures of the authorities, and by the provisions set forth in Article 24, paragraph 24.3:
- a) Data on the offers/bids submitted in the MGAS, GME shall maintain secrecy for a period of at least twelve months;
 - b) the data of the transactions concluded in the MT-GAS are published anonymously after twelve months from the last trading day of the contract which the offers/bid refer.
- 9.3 GME shall publish, in the manner regulated in the subsequent Article 10, paragraph 10.1 b), the information functional to the determination of the imbalance price referred to in Decision 312/2016/R/GAS.
- 9.4 GME shall send Snam Rete Gas the information necessary for the relevant activities.

Article 10 **Communication and Publication of Data and Information**

- 10.1 Unless otherwise specified, the communication and publication of data and information provided for herein shall be carried out with electronic means. In particular:
- a) communication to a Market Participant shall take place by making available data and information in the section of GME's information system whose access is restricted to that Market Participant;
 - b) publication shall take place by making available data and information in the section of GME's information system whose access is non-restricted.
- 10.2 Bids/offers submitted by Market Participants shall be deemed to be received on the date and at the time recorded by GME's information system. Any other communication shall be deemed to be received:
- a) on the day and at the time of receipt, if it arrives between 08:00 and 17:00 of a working day;
 - b) at 08:00 of the first working day following the day of receipt, if it arrives between 17:00 and 24:00 of a working day, or between 00:00 and 24:00 of a non-working day;
 - c) at 08:00 of the day of receipt, if it arrives between 00:00 and 08:00 of a working day.

- 10.3 For the purpose of determining the time of receipt of a communication, the time shall be obtained from GME's records. For electronic communications, the time shall be obtained from GME's information system.

Article 11
Security of Access

- 11.1 Market Participants shall have access to the market through special procedures defined in the Technical Rules. Such procedures shall guarantee the identification of Market Participants and authenticate their transactions.
- 11.2 Market Participants shall treat their access codes and any other data or device required to access GME's information system as confidential.

TITLE II ADMISSION TO THE MARKET

Article 12 **Requirements for Admission to the Market**

- 12.1 Parties applying for admission to the market shall have adequate experience and competence in the use of ICT systems and related security systems, or have employees or assistants with such experience and competence.
- 12.2 The following parties shall not be admitted to the market:
- a) parties that have been convicted with a final judgement (except in cases of rehabilitation/reinstatement), or with a judgement applying the penalty at the request of the parties (except in cases of extinction of the crime), to imprisonment for the crime referred to in Article 501 of the Italian Criminal Code, for one of the violations of the secrecy of electronic communications referred to in Articles 617 *quater*, *quinquies*, *sexies* of the Criminal Code, for computer fraud as per Article 640 *ter* of the Criminal Code, for fraud against the State or other public body as per Article 640, para. 2, no. 1 of the Criminal Code, as well as for income tax and value added tax crimes as per Legislative Decree no. 74 of 10 March 2000;
 - b) parties that have been excluded from the market during the sixty months preceding the presentation of the new application form, except as provided in subparagraph c), and except in cases of exclusion referred to in Article 22;
 - c) parties that have been excluded from MGAS against which, at the date of submission of the new application, GME still claims an accrued and unpaid credit on MGAS.
- 12.3 If the party applying for market admission is an organisation, the requirements stated in para. 12.2 above shall refer to the owner, legal representative or duly authorised person.
- 12.4 Where reference is to be made, in full or in part, to foreign legal systems, GME shall verify compliance with the admission requirements mentioned in paras. 12.2 and 12.3 above based on a substantial equivalence evaluation.

Article 13 **Market Participation Application and Market Participation Agreement**

- 13.1 A party intending to participate in the market must submit to GME (in accordance with the procedures and within the time limits established in the Technical Rules):
- a) a market participation application (*Domanda di ammissione al mercato*) in the format annexed hereto (*Annex A*), together with the documents indicated in Article 14 below;
 - b) a signed copy of the market participation agreement (*Contratto di adesione al mercato*) in the format annexed hereto (*Annex B*).

Article 14

Documents to Be Enclosed to the Market Participation Application

- 14.1 The market participation application, duly signed by the applicant, shall be accompanied by:
- a) a declaration in compliance with Decree no. 445 of the President of the Republic of 28 December 2000, stating that the applicant or, if the applicant is an organisation, the party referred to in Article 12, para. 12.3 above, has not been subject in Italy to measures implying the loss of the qualifications mentioned in Article 12, para. 12.2 a) above, or subject abroad to measures corresponding to those which would imply the loss of the same qualifications under the Italian legal system, or other equivalent documents based on which GME shall carry out a substantial equivalence evaluation;
 - b) if the market participation application is signed by the legal representative or other duly authorised person, a declaration in compliance with Decree no. 445 of the President of the Republic of 28 December 2000, certifying his/her powers of representation, or other equivalent documents based on which GME shall carry out a substantial equivalence evaluation.
- 14.2 If the documents referred to in para. 14.1 above are already held by GME, the applicant shall be exempted from submitting them, but he/she/it shall submit a declaration indicating this fact, specifying the date of submission of the documents to GME and certifying that the content of such documents is still current.

Article 15

Admission Procedure

- 15.1 GME shall notify the applicant of his/her/its admission to the market or of the rejection of his/her/its application (and the reasons for the rejection) within fifteen calendar days of receipt of the application, after verifying the fulfilment of the requirements stated in Article 12 above, as well as the regularity of the submitted documents. Such notification shall be made in accordance with the modalities and within the time limits that are defined in the Technical Rules.
- 15.2 For the purpose of verifying the fulfilment of the requirements referred to in Article 12, para. 12.1 above, GME may ask the applicant to provide appropriate documents.
- 15.3 In case of incomplete or irregular documents, GME shall - under the modalities and within the time limits defined in the Technical Rules - communicate to the applicant the steps necessary to complete or regularise the documents, as well as the date by which he/she/it shall do so. Such notification shall suspend the time limit referred to in para. 15.1 above, which shall run again from the date upon which GME receives the completed or regularised documents.
- 15.4 Upon admission, the applicant shall acquire the status of Market Participant.

Article 16
Admission of Snam Rete Gas to the Market

- 16.1 With exception to Article 15 above, Snam Rete Gas shall by right acquire the status of Market Participant.
- 16.2 With the agreement signed between Snam Rete Gas and GME, specific arrangements for management of the information flows functional to the balancing system can be provided together with specific guarantee manners for the fulfillment of the obligations resulting from the participation in the MGAS of Snam Rete Gas. These are alternatives to those set forth in Article 55, having the same effect of the guarantees provided for therein.

Article 17
Register of Market Participants

- 17.1 The parties admitted to the market as per Articles 15 and 16 above shall be entered into an appropriate Register of Market Participants (*Elenco degli operatori ammessi al mercato*). The Register shall be created and held by GME in compliance with Legislative Decree no. 196 of 30 June 2003, as subsequently amended and supplemented.
- 17.2 The Register of Market Participants shall include the following data for each Market Participant:
- a) identification code of the Market Participant;
 - b) surname and name, or company name or registered name, place of residence and place of domicile if different from the place of residence or registered office, taxpayer's code, VAT number, fax and telephone numbers, e-mail addresses and the persons to whom communications, if any, shall be sent and related contact data;
 - c) status of the Market Participant: admitted, active, suspended, pending request for exclusion, excluded;
 - d) PSV code;
 - e) bank details of the Market Participant;
 - f) amount of financial guarantees posted in favour of GME;
 - g) taxation scheme applicable to the Market Participant.
- 17.3 GME shall post the following data and information about Market Participants on its website:
- a) surname and name or company name or registered name;
 - b) place of residence or registered office.
- 17.4 Each Market Participant may access his/her/its own data and information contained in the Register of Market Participants.

Article 18
Data and Information for Participation in the Market

- 18.1 For the purpose of submitting bids/offers into the market, each Market Participant shall request GME to enter the data and information referred to in Article 17, para. 17.2 e) and g) above into the Register of Market Participants.
- 18.2 The entry of the data and information referred to in Article 17, para. 17.2 d) above shall follow the notification referred to in Article 19 below.
- 18.3 The entry of the data and information referred to in Article 17, para. 17.2 f) above shall follow the notifications referred to in Article 55, paras. 55.8 and 55.11 and Article 56, paras. 56.5 and 56.9 below.
- 18.4 The request for entry of data and information as per Article 17, para. 17.2 g) above shall be accompanied by a statement of the Market Participant's applicable VAT scheme in accordance with the provisions of the Technical Rules.
- 18.5 Upon request of data and information entry, referred to in Article 17 above, para. 17.2, subpara. e), the Market Participant shall enclose a declaration authorizing GME to withdraw directly from the Market Participant's bank account, held with a financial institution that have enabled the SEPA Direct Debit Business to Business payment scheme, the amounts due to GME, as provided in the Technical Rules.
- 18.6 On receipt of the requests referred to in para. 18.1 above, GME shall update the Register of Market Participants. The modification shall have effect by the end of the second working day following receipt of the request by GME.

Article 19
Data and Information about Market Participants Authorised to Operate at the PSV

- 19.1 To submit bids/offers into the MGAS, Market Participants must be authorised to operate at the PSV.
- 19.2 To verify the authorisation referred to in para. 19.1 above, GME shall - under the procedures and within the time limits established by GME and Snam Rete Gas in an appropriate agreement - daily obtain from Snam Rete Gas the updated list of operators authorised to operate at the PSV; for each operator, the list shall include at least the following data:
- a) identification data;
 - b) PSV code.
- 19.3 The data referred to in para. 19.2 above shall have effect on the dates indicated in the Technical Rules.

Article 20
Request of information

- 20.1 GME shall monitor compliance with these Rules and the Technical Rules, with a view to ensuring the proper functioning of the market according to principles of neutrality, transparency, objectivity and competition between or among Market Participants. To this end, GME may request Market Participants to provide information or documents concerning their transactions in the market and also convene them for hearings.
- 20.2 GME shall reserve the right to verify whether Market Participants still meet the requirements for admission to the market. To this end, GME may require additional documents or the updating of the already submitted ones.

Article 21
Notification Obligations

- 21.1 Market Participants are required to notify GME promptly - and in any case within three working days of its occurrence - of any change in circumstances that may involve the change of any of the data and information referred to in Article 17, para. 17.2 b), e), f) and g) above that they have declared and that have been entered into the Register of Market Participants.
- 21.2 GME shall update the Register of Market Participants taking into account the notifications mentioned in para. 21.1 above.

Article 22
Exclusion from the Market on Request

- 22.1 For the purposes of exclusion from the market, Market Participants shall - under the modalities and within the time limits defined in the Technical Rules - hand in or deliver an appropriate written request to GME's registered office, possibly indicating the date from which exclusion is requested.
- 22.2 Without prejudice to para. 22.3 below, the exclusion from the market on request shall run from the later of the following dates:
- a) the second working day following receipt by GME of the request referred to in para. 22.1 above;
 - b) the date indicated in the request referred to in para. 22.1 above.

- 22.3 On the date identified under para 22.2 above, GME shall determine the Market Participant's net delivery positions, obtained from the algebraic sum of the transactions concluded in the MGAS until such date. If the Market Participant holds net delivery positions in the MGAS, the date of exclusion shall not be the one identified under para. 22.2 above, but shall run from the working day following the one on which the Market Participant has closed the above positions.
- 22.4 Without prejudice to the provisions of the above paragraphs, the exclusion from the market on request shall not exempt the Market Participant from fulfilling obligations arising from commitments made in the MGAS.
- 22.5 During the period of suspension from MGAS, the Market Participant cannot request its exclusion under this Article.

**TITLE III
OPERATION OF THE MARKET**

**Article 23
Purpose of the Market**

- 23.1 The Gas Market (MGAS) shall consist of:
- a) the Spot Gas Market (MP-GAS);
 - b) the Forward Gas Market with delivery-making/-taking obligation (MT-GAS).
- 23.2 The Spot Gas Market (MP-GAS) shall consist of:
- a) the Day-Ahead Gas Market (MGP-GAS);
 - b) the Intra-Day Gas Market (MI-GAS).
- 23.3 Market Participants in the MGAS may purchase and sell contracts concerning gas volumes that GME shall register in the PSV system on behalf of the same Market Participants in accordance with Articles 25 bis below.
- 23.4 GME shall be the counterparty of Market Participants in the gas purchase and sale contracts concluded in the MGAS, under the procedures and within the time limits established in the Technical Rules.
- 23.5 GME may impose limits to the submission of bids/offers into the MGAS by one or more Market Participants.
- 23.6 The applicable period for the markets referred to in para. 23.1 above shall be equal to the gas-day, i.e. to the period of 24 consecutive hours beginning at 06:00 of each calendar day and ending at 06:00 of the subsequent calendar day.

**22 Article 24
23 Market Sessions**

- 24**
25 24.1 GME shall post the calendar of the days and hours of the MGAS sessions on its website. GME may change these hours - also for specific types of contracts - in order to ensure the orderly performance of transactions. Any change shall be timely notified to Market Participants.
- 26
27 24.2 Transactions in the MGAS shall take place under the continuous-trading mechanism.
- 28
29 24.3 The individual transactions concluded may be made known in anonymous form to MGAS Market Participants with the specification of the traded volume and of the related price.

**30 Article 25
31 Definitivity of Transactions**

32

- 25.1 Without prejudice to Article 46 below, the gas transactions concluded in the MGAS shall be definitive and binding - also for the purposes of the guarantee, of

the offsetting, of the billing and of the settlement of payables and receivables, as well as of the related obligations - as of the time at which demand bids and supply offers are verified to be valid and adequate and accepted in the bidding system under Articles 30, 36 and 43 below.

Article 25 bis
Registration of net position at the PSV

25 bis.1 GME shall determine, for each Market Participant, the net delivery position related to the gas-day under each contract traded daily in the MGAS, under the terms defined in the Technical Rules:

25 bis.2 For each applicable period, the net delivery position is given by the sum of the purchase and sale transactions concluded by each Market Participant related to the delivery gas-day..

25 bis.3 For the purpose of calculating the net delivery position, purchase transactions are considered to have a negative sign and sale transactions are considered to have a positive sign.

25 bis.4 The net delivery position is recorded in the PSV system by GME in the manner and the terms defined in the Technical Rules. For forward contracts traded in the MTGAS, recording is performed from the trading in the MPGAS related to spot contracts, after the application of the cascade mechanism set forth in Article 44 below.

25 bis.5 Registration of net delivery position of the Market Participant is admissible if the following conditions are met:

- a) the Market Participant is not suspended from the MGAS;
- b) it is guaranteed as per Article 57;
- c) the Market Participant is authorized to operate the PSV, based on the most recent information received by Snam Rete Gas under Article 19, paragraph 19.2 above,
- d) it complies with the provisions of the Conditions for selling and trading natural gas at the PSV.

25 bis.6 The GME's information system returns the outcome of the validation and fairness referred to in paragraph 25 bis.5 and:

- a) in case of failure, it rejects the registration of the net delivery position, indicating its reasons and activating the procedure set forth in 25 bis.7, as well as the default procedure referred to in Title V, Chapter III;
- b) if successful, it allows the registration of the net delivery position, causing the registration at the PSV of the corresponding transactions for which the counterparty is GME.

25 bis.7 In case of failure to register partially or totally the net delivery position at the PSV, GME shall close the net position under Article 66 below.

25 bis.8 The recording of transactions at the PSV under this Article shall cause the Market Participants the rights and obligations contained in the Conditions for selling and trading natural gas at the PSV.

SECTION I

SPOT GAS MARKET (MP-GAS)

Article 26

Purpose of the MP-GAS and Types of Tradable Contracts

- 26.1 The contracts tradable in the MP-GAS shall have a delivery period equal to the gas-day (daily contracts).
- 26.2 The volume of gas underlying each contract - set by GME - shall be equal to 1 MWh.
- 26.3 The duration of the trading period of each contract referred to in this Section shall be defined in the Technical Rules.

SUBSECTION I

DAY-AHEAD GAS MARKET (MGP-GAS)

Article 27

Purpose of the MGP-GAS

- 27.1 In the MGP-GAS, Market Participants may enter gas demand bids and supply offers in respect of the daily contracts referred to in Article 26, para. 26.1 above, whose delivery period corresponds to the gas-day following the one on which the last MGP-GAS session for said contracts ends.

Article 28
Submission of Bids/Offers

- 28.1 Bids/offers shall be submitted in accordance with the procedures and within the time limits defined in the Technical Rules. They shall contain at least the following data:
- a) identification code of the Market Participant submitting the bid/offer;
 - b) identification code of the session of the MGP-GAS for which the bid/offer is submitted;
 - c) type of bid/offer (demand bid/supply offer);
 - d) offered volume;
 - e) unit price for the offered volume.
- 28.2 The volumes specified in demand bids and supply offers shall only have positive integer values.
- 28.3 Market Participants may enter bids/offers without a price limit.
- 28.4 Market Participants shall not enter:
- a) bids/offers with a price limit equal to zero or with a negative price limit;
 - b) demand bids or supply offers without a price limit, if no supply offers or demand bids with a price limit are present in the order book, respectively.
- 28.5 In the order book, bids/offers which have been verified to be valid and adequate under Article 29 below shall be ranked in decreasing price order (demand bids) and in increasing price order (supply offers). If bids/offers have an equal price, they shall be ranked on the basis of their time of entry. Bids/offers without a price limit shall have the maximum price priority.
- 28.6 Market Participants may submit the following bids/offers:
- a) *valid until cancellation*: the bid/offer is executed, even in part, for the available volumes and on the price terms specified by the Market Participant. Any unexecuted volume is repropose - under Article 30, para. 30.5 below - in the order book until the end of the session, when it is automatically cancelled;
 - b) *valid until expiration*: the bid/offer is executed, even in part, for the available volumes and on the price terms specified by the Market Participant. Any unexecuted volume is repropose - under Article 30, para. 30.5 below - in the order book until the expiration specified in the bid/offer, when it is automatically cancelled;
 - c) *execute and cancel*: the bid/offer is executed, even in part, for the available volumes and on the price terms specified by the Market Participant. Any unexecuted residual volume is automatically cancelled;
 - d) *execute or cancel*: the bid/offer is only executed for the entire volume and on the price terms specified by the Market Participant. If, upon entry into the order book, this is not possible, then the bid/offer is automatically cancelled.

- 28.7 Without prejudice to para. 28.6 above, Market Participants may change or cancel bids/offers that have not yet been matched. Changed bids/offers shall lose the time priority that they have previously acquired.
- 28.8 Bids/offers shall be posted in the order book without specifying the proposing Market Participant, thus ensuring his/her/its anonymity.

Article 29
Validation and Adequacy Verification of Bids/Offers

- 29.1 GME shall verify the validity and adequacy of each bid/offer received, ensuring that:
- a) the Market Participant is not suspended;
 - b) the Market Participant is authorised to operate at the PSV based on the latest information obtained from Snam Rete Gas under Article 19, para. 19.2 above;
 - c) the bid/offer has been submitted in compliance with the modalities referred to in Article 28, para. 28.1 above;
 - d) the bid/offer specifies all the data referred to in Article 28, para. 28.1 above;
 - e) the price and volumes specified in the bid/offer fall within the limits identified in the Technical Rules. GME may change the above limits to ensure the orderly performance of transactions;
 - f) the bid/offer falls within the possible limits imposed by GME under Article 23, para. 23.5 above;
 - g) the bid/offer is guaranteed under Article 57 below.
- 29.2 For the purpose of carrying out the verification referred to in para. 29.1 g) above, if a bid/offer is submitted without specifying a price, its price shall be considered to be equal to the one of the best bids/offers of opposite sign included in the order book until exhaustion of the same bid/offer.
- 29.3 GME's information system shall return the outcome of the validation and adequacy verification of the bids/offers referred to in Article 29.1 above and:
- a) if the outcome is negative, it shall reject the entry of bids/offers into the order book, explaining the reasons for the rejection;
 - b) if the outcome is positive, it shall enter the bids/offers into the order book.

Article 30
Continuous trading in the MGP-GAS

- 30.1 During continuous trading, transactions shall be concluded through automatic matching of demand bids and supply offers which: i) have been verified to be valid and adequate under Article 29 above, ii) are present in the order book and iii) are ranked under the priority criteria referred to in Article 28, para. 28.5 above.
- 30.2 The entry of a demand bid with a price limit shall determine the matching of the bid (until it is exhausted) with one or more supply offers having a price lower than or equal to the one of the entered bid.

- 30.3 The entry of a supply offer with a price limit shall determine the matching of the offer (until it is exhausted) with one or more demand bids having a price higher than or equal to the one of the entered offer.
- 30.4 The entry of a bid/offer without a price limit shall determine the matching of the bid/offer (until it is exhausted) with one or more bids/offers of opposite sign that are present in the order book upon entry of the bid/offer.
- 30.5 With regard to the bids/offers referred to in Article 28, para. 28.6 a) and b) above:
a) if a bid/offer with a price limit is partially executed, its unexecuted part generates a bid/offer that remains posted in the order book with the same price and time priority as those of the original bid/offer;
b) if a bid/offer without a price limit is partially executed, its unexecuted part generates a bid/offer that remains posted in the order book with the same price as the one of the latest transaction concluded and the same time priority as the one of the original bid/offer.
- 30.6 For each transaction concluded under paras. 30.2 and 30.3 above, the price shall be equal to the one of the bid/offer having time priority.
- 30.7 Demand bids and supply offers shall not be matched if they have been submitted by the same Market Participant.
- 30.8 At the end of the continuous-trading stage, GME may determine and post a reference price, as well as a closing price, in accordance with the modalities established in the Technical Rules.

Article 31

Registration of the Net Delivery Position at the PSV [repealed]

Article 32

Notification of the Results of the MGP-GAS

- 32.1 Upon the closing of the session, GME shall publish the results of the session of the MGP-GAS, specifying at least the following data and information:
a) minimum price and maximum price of the session;
b) volume traded in the session.

**SUBSECTION II
INTRA-DAY GAS MARKET (MI-GAS)**

Article 33

Purpose of the MI-GAS

- 33.1 MI-GAS Market Participants may submit gas demand bids and supply offers in respect of the daily contracts referred to in Article 26, para. 26.1 above, whose delivery period corresponds to the calendar gas-day on which the MI-GAS session takes place.

Article 34
Submission of Bids/Offers

- 34.1 Bids/offers shall be submitted in accordance with the procedures and within the time limits defined in the Technical Rules. They shall specify at least the following data:
- a) identification code of the Market Participant submitting the bid/offer;
 - b) identification code of the session of the MI-GAS for which the bid/offer is submitted;
 - c) type of bid/offer (demand bid/supply offer);
 - d) offered volume;
 - e) unit price for the offered volume.
- 34.2 The volumes specified in demand bids and supply offers shall only have positive integer values.
- 34.3 Market Participants may enter bids/offers without a price limit.
- 34.4 Market Participants shall not enter:
- a) bids/offers with a price limit equal to zero or with a negative price limit;
 - b) demand bids or supply offers without a price limit, if no supply offers or demand bids with a price limit are present in the order book, respectively.
- 34.5 In the order book, bids/offers which have been verified to be valid and adequate under Article 35 below shall be ranked in decreasing price order (demand bids) and in increasing price order (supply offers). If bids/offers have an equal price, they shall be ranked on the basis of their time of entry. Bids/offers without a price limit shall have the maximum price priority.
- 34.6 Market Participants may submit the following bids/offers:
- a) *valid until cancellation*: the bid/offer is executed, even in part, for the available volumes and on the price terms specified by the Market Participant. Any unexecuted volume is repropose - under Article 36, para. 36.5 below - in the order book until the end of the session, when it is automatically cancelled;
 - b) *valid until expiration*: the bid/offer is executed, even in part, for the available volumes and on the price terms specified by the Market Participant. Any unexecuted volume is repropose – under Article 36, para. 36.5 below - in the order book until the expiration specified in the bid/offer, when it is automatically cancelled;
 - c) *execute and cancel*: the bid/offer is executed, even in part, for the available volumes and on the price terms specified by the Market Participant. Any unexecuted residual volume is automatically cancelled;
 - d) *execute or cancel*: the bid/offer is only executed for the entire volume and on the price terms specified by the Market Participant. If, upon entry into the order book, this is not possible, the bid/offer is automatically cancelled.

- 34.7 Without prejudice to para. 34.6 above, Market Participants may change or cancel bids/offers that have not yet been matched. Changed bids/offers shall lose the time priority that they have previously acquired.
- 34.8 Bids/offers shall be posted in the order book without specifying the proposing Market Participant, thus ensuring his/her/its anonymity.

Article 35
Validation and Adequacy Verification of Bids/Offers

- 35.1 After receiving bids/offers, GME shall verify their validity and adequacy, ensuring that:
- a) the Market Participant is not suspended;
 - b) the Market Participant is authorised to operate at the PSV, based on the latest information obtained from Snam Rete Gas under Article 19, para. 19.2 above;
 - c) the bid/offer has been submitted in compliance with the modalities referred to in Article 34, para. 34.1 above;
 - d) the bid/offer shows all the data reported in Article 34, para. 34.1 above;
 - e) the price and volumes specified in the bid/offer fall within the limits identified in the Technical Rules. GME may change these limits in order to ensure the proper performance of transactions;
 - f) the bid/offer falls within the possible limits imposed by GME under Article 23, para. 23.5 above;
 - g) the bid/offer is guaranteed under Article 57 below.
- 35.2 For the purposes of the verification referred to in para. 35.1 g) above, if a bid/offer is submitted without specifying a price, its price shall be considered to be equal to the one of the best bids/offers of opposite sign included in the order book, until exhaustion of the same bid/offer.
- 35.3 GME's information system shall return the outcome of the validation and adequacy verifications of the bids/offers referred to in Article 35.1 above and:
- a) if the outcome is negative, it shall reject the entry of bids/offers into the order book, explaining the reasons for the rejection;
 - b) if the outcome is positive, it shall enter the bids/orders into the order book.

Article 36
Continuous Trading in the MI-GAS

- 36.1 During continuous trading, transactions shall be concluded through automatic matching of demand bids and supply offers which: i) have been verified to be valid and adequate under Article 35 above, ii) are present in the order book, and iii) are ranked under the priority criteria referred to in Article 34, para. 34.5 above.
- 36.2 The entry of a demand bid with a price limit shall determine the matching of the bid (until it is exhausted) with one or more supply offers having a price lower than or equal to the one of the entered bid.

- 36.3 The entry of a supply offer with a price limit shall determine the matching of the offer (until it is exhausted) with one or more demand bids having a price higher than or equal to the one of the entered offer.
- 36.4 The entry of a bid/offer without a price limit shall determine the matching of the bid/offer (until it is exhausted) with one or more bids/offers of opposite sign that are present in the order book upon entry of such bid/offer.
- 36.5 With regard to the bids/offers referred to in Article 34, para. 34.6 a) and b) above:
- a) if a bid/offer with a price limit is partially executed, its unexecuted part generates a bid/offer that remains posted in the order book with the same price and time priority as the original bid/offer;
 - b) if a bid/offer without a price limit is partially executed, its unexecuted part generates a bid/offer that remains posted in the order book with the same price as the one of the latest transaction concluded and the same time priority as the one of the original bid/offer.
- 36.6 For each transaction concluded under paras. 36.2 and 36.3 above, the price shall be equal to the one of the bid/offer having time priority.
- 36.7 Demand bids and supply offers shall not be matched if they have been submitted by the same Market Participant.
- 36.8 At the end of the continuous-trading stage, GME may determine a reference price, as well as a closing price in accordance with the modalities established in the Technical Rules.

Article 37

Registration of the Net Delivery Position at the PSV [repealed]

Article 38

Notification of the Results of the MI-GAS

- 38.1 Upon the closing of the session, GME shall publish the results of the MI-GAS session, specifying at least the following data and information:
- a) minimum price and maximum price of the session;
 - b) volume traded in the session.

SECTION II

FORWARD GAS MARKET (MT-GAS)

Article 39

Purpose of the MT-GAS and Types of Tradable Contracts

- 39.1 The following contracts may be traded in the MT-GAS:
- a) yearly with a delivery period equal to the calendar year (from January to December);

- b) yearly with a delivery period equal to the thermal year (from October to September);
- c) half-yearly with a delivery period equal to the winter half-year (from October to March);
- d) half-yearly with a delivery period equal to the summer half-year (from April to September);
- e) quarterly with a delivery period equal to the first, second, third and fourth quarter of each year;
- f) monthly with a delivery period equal to each of the calendar months;
- g) BoM.

39.2 The duration of the trading period of each of the contracts mentioned in the above paragraph shall be defined in the Technical Rules.

39.3 The volume of gas underlying each contract - set by GME - shall be equal to 1 MWh and multiplied by the number of applicable periods underlying the same contract.

Article 40 **Submission of Bids/Offers**

40.1 Bids/offers shall be submitted in accordance with the procedures and within the time limits defined in the Technical Rules. They shall specify at least the following data:

- a) identification code of the Market Participant submitting the bid/offer;
- b) type and delivery period of the contract;
- c) type of bid/offer (demand bid/supply offer);
- d) offered volume;
- e) unit price for the offered volume.

40.2 The volumes specified in demand bids and supply offers shall only have positive integer values.

40.3 Market Participants may enter bids/offers without a price limit.

40.4 Market Participants shall not enter:

- a) bids/offers with a price limit equal to zero or with a negative price limit;
- b) demand bids or supply offers without a price limit, if no supply offers or demand bids with a price limit are present in the order book, respectively.

40.5 In the order book, bids/offers which have been verified to be valid and adequate under Article 42 below shall be ranked in decreasing price order (demand bids) and in increasing price order (supply offers). If bids/offers have an equal price, they shall be ranked on the basis of their time of entry. Bids/offers without a price limit shall have the maximum price priority.

40.6 Market Participants may submit the following bids/offers:

- a) *valid until cancellation*: the bid/offer is executed, even in part, for the available volumes and on the price terms specified by the Market Participant. Any unexecuted volume is repropounded - in accordance with Article 43 para. 43.5 below - in the order book until the end of the session, when it is automatically cancelled;

b) *valid until expiration*: the bid/offer is executed, even in part, for the available volumes and on the price terms specified by the Market Participant. Any unexecuted part is repropose - in accordance with Article 43, para. 43.5 below - in the order book until the expiration specified in the same bid/offer, when it is automatically cancelled;

c) *execute and cancel*: the bid/offer is offer is executed, even in part, for the available volumes and on the price terms specified by the Market Participant. Any unexecuted residual volume is automatically cancelled;

d) *execute or cancel*: the bid/offer is only executed for the entire volume and on the price terms specified by the Market Participant. If, upon entry into the order book, this is not possible, the bid/offer is automatically cancelled.

40.7 Without prejudice to para. 40.6 above, Market Participants may change or cancel bids/offers that have not yet been matched. Changed bids/offers shall lose the time priority that they have previously acquired.

40.8 Bids/offers shall be posted in the order book without specifying the proposing Market Participant, thus ensuring his/her/its anonymity.

Article 41 **Order Book and Minimum Tradable Volume**

41.1 GME shall organise an order book for each type of contract and each delivery period.

41.2 The minimum tradable volume shall be equal to 1 (one) contract, as defined in Article 39, para. 39.3 above.

Article 42 **Validation and Adequacy Verification of Bids/Offers**

42.1 After receiving bids/offers, GME shall verify their validity and adequacy, ensuring that:

a) the Market Participant is not suspended;

b) the Market Participant is authorised to operate at the PSV, based on the latest information obtained from Snam Rete Gas under Article 19, para. 19.2 above;

c) the bid/offer has been submitted in compliance with the modalities referred to in Article 40, para. 40.1 above;

d) the bid/offer contains all the data reported in Article 40, para. 40.1 above;

e) the price and volumes specified in the bid/offer fall within the limits identified in the Technical Rules. GME may change these limits to ensure the regular performance of transactions;

f) the bid/offer falls within the possible limits imposed by GME under Article 22, para. 22.5 above;

g) the bid/offer is guaranteed under Article 57 below.

42.2 For the purpose of carrying out the verification referred to in para. 42.1 g) above, if a bid/offer is submitted without specifying a price, its price shall be considered to be equal to the one of the best bids/offers of opposite sign included in the order book until exhaustion of the same bid/offer.

- 42.3 GME's information system shall return the outcome of the validations and technical adequacy verifications of the bids/offers referred to in Article 42.1 above and:
- a) if the outcome is negative, it shall reject the entry of bids/offers into the order book, explaining the reasons for the rejection;
 - b) if the outcome is positive, it shall enter the bids/offers into the order book.

Article 43 **Continuous Trading**

- 43.1 During continuous trading, transactions shall be concluded through automatic matching of demand bids and supply offers which: i) have been verified to be valid and adequate under Article 42 above, ii) are present in the order book, and iii) are ranked under the priority criteria referred to in Article 40, para. 40.5 above.
- 43.2 The entry of a demand bid with a price limit shall determine the matching of the bid (until it is exhausted) with one or more supply offers having a price lower than or equal to the one of the entered bid.
- 43.3 The entry of a supply offer with a price limit shall determine the matching of the offer (until it is exhausted) with one or more demand bids having a price higher than or equal to the one of the entered offer.
- 43.4 The entry of a bid/offer without a price limit shall determine the matching of the bid/offer (until it is exhausted) with one or more bids/offers of opposite sign that are present in the order book upon entry of such bid/offer.
- 43.5 With regard to the bids/offers referred to in Article 40, para. 40.6 a) and b) above:
- a) if a bid/offer with a price limit is partially executed, its unexecuted part generates a bid/offer that remains posted in the order book with the same price and time priority as the original bid/offer;
 - b) if a bid/offer without a price limit is partially executed, its unexecuted part generates a bid/offer that remains posted in the order book with the same price as the one of the latest transaction concluded and the same time priority as the one of the original bid/offer.
- 43.6 For each transaction concluded under paras. 43.2 and 43.3 above, the price shall be equal to the one of the bid/offer having time priority.
- 43.7 Demand bids and supply offers shall not be matched if they have been submitted by the same Market Participant.
- 43.8 GME may allow each Market Participant to register in the market the forward contracts that he/she/it has concluded off the market, under the procedures and within the time limits indicated in the Technical Rules.
- 43.9 The bids/offers mentioned in para. 43.8 above shall be valid if they meet all the requirements of Article 42 above and pass any other verification as indicated in the Technical Rules.

43.10 At the end of the continuous-trading stage, GME may determine a reference price, as well as a closing price in accordance with the modalities established in the Technical Rules.

Article 44
Cascading Mechanism

- 44.1 After their trading period, the forward contracts shall be settled under the cascading mechanism, in accordance with the procedures and within the time limits specified in the Technical Rules. Under this mechanism, the contractual positions held in respect of each forward contract shall - at the end of the corresponding trading period - be replaced with equivalent contractual positions with shorter delivery periods.

Article 45
Notification of the results of the MT-GAS

- 45.1 Upon the closing of the session, GME shall publish the results of the continuous-trading session, specifying at least the following data and information:
- a) minimum price and maximum price of the session;
 - b) volume traded in the session.

Article 46
Managing errors in the MT-GAS

- 46.1 If a Market Participant has made an obvious material error in submitting a bid/offer and such bid/offer has been matched during one of the continuous-trading sessions of the MT-GAS, he/she/it may request GME to activate the error management procedure, so as to cancel the concluded transactions in accordance with this Article.
- 46.2 The Market Participant involved shall timely submit the request for activating the error management procedure under the modalities and within the time limits established in the Technical Rules. The request shall contain:
- a) the details of the concluded transactions for which the error management procedure is to be activated;
 - b) the specification of one or both causes of errors referred to in para. 46.3 below.
- 46.3 The request for activating the error management procedure may be submitted only if the price of the transaction for which the procedure is to be activated is higher or lower than a maximum or minimum price limit indicated in the Technical Rules.
- 46.4 After receipt, GME shall check whether the request for activating the error management procedure has been submitted in compliance with paras. 46.2 and 46.3 above and contains the data specified therein.
- 46.5 Where the verifications mentioned in para. 46.4 above have a positive outcome, GME shall proceed in compliance with para. 46.6 below. In case of negative outcome, GME shall reject the request explaining the reasons for the rejection.
- 46.6 Under the modalities and within the time limits established in the Technical Rules, GME shall provide the counterparty Market Participants concerned with the details of the transactions for which the activation of the error management procedure has been requested, asking them their consent to activating the same procedure.

- 46.7 Where the counterparty Market Participants concerned have given their consent to activating the error management procedure under the modalities and within the time limits established in the Technical Rules, GME shall cancel the transactions, notifying the Market Participants concerned thereof under the modalities and within the time limits established in the Technical Rules. In case of dissent, GME shall not cancel the transactions, notifying the Market Participants concerned thereof.
- 46.8 Under the particular circumstances specified in the Technical Rules, GME shall make the notification referred to in para. 46.7 above also to the remaining MGAS Market Participants who/which have entered bids/offers in the same market session during which one or more transactions have been concluded for which the activation of the error management procedure has been requested.
- 46.9 A Market Participant requesting the activation of the error management procedure pursuant to this Article shall pay the fee indicated in Article 7, para. 7.1 d) above; the fee shall be applied in accordance with the procedures and within the time limits established in the Technical Rules.
- 46.10 The contribution specified in Article 8, para. 8.1 above shall not apply to the transactions cancelled pursuant to this Article.

SECTION III EMERGENCY PROCEDURE AND SUSPENSION OF THE MGAS

Article 47 Emergency Procedure

- 47.1 Emergency conditions shall be the following:
- a) the case where GME is unable to receive bids/offers submitted by Market Participants according to the modalities referred to in Articles 28, 34 and 40 above;
 - b) the case where GME is unable to determine the results of a market session;
 - c) the case where GME is unable to communicate the results of a market session to Market Participants;
 - d) the case where it is not possible to register the net positions at the PSV, as per Article 25 bis.

- 47.2 If the case referred to in para. 47.1 a) above occurs, GME shall - in accordance with the modalities stated in the Technical Rules - notify Market Participants and Snam Rete Gas of the occurrence of the emergency condition and of the new opening time of the MGAS trading session. If, by the new opening time of the trading session, the emergency condition persists, GME shall temporarily suspend transactions in the market.
- 47.3 If the cases referred to in para. 47.1 b) and c) above occur, GME shall - in accordance with the modalities stated in the Technical Rules - suspend transactions in the MGAS and notify Market Participants and Snam Rete Gas of the occurrence of the emergency condition.
- 47.4 If the case referred to in para. 47.1 d) above occurs, GME shall - in accordance with the modalities stated in the Technical Rules - notify Market Participants of the occurrence of the emergency condition and, where possible, of its duration.
If the emergency condition is due to:
- a) planned impossibility to register at the PSV, then GME shall - where possible - register the net position of Market Participants ahead of the time limits defined in Article 25 bis;
 - a) unplanned impossibility to register at the PSV, namely no operation of the systems for exchange of the information flows functional to the recordings at the PSV, GME, in agreement with SRG, detects, where possible, the new recording time limits.
 - b) then GME shall close the net positions of Market Participants in respect of the gas-days for which no registrations may be made at the PSV, where GME itself is unable - owing to the aforesaid unavailability - to register the net position of Market Participants. If, even following the new time limits that may be identified, it is not possible to register in the PSV, GME shall close the net positions of the Participants.

It shall be understood that Market Participants shall have no claims of whatsoever nature, including for damages, against GME for failure to register the net delivery position at the PSV owing to the above-mentioned cases of unavailability.

- 47.5 GME shall close the net positions in compliance with para. 47.4 b) above by assigning to Market Participants a transaction of opposite sign, having a price equal to the weighted average price of the transactions that have contributed to determining the aforesaid net position. The fee and the contribution referred to in Article 7, para. 7.1 c) and Article 8, para. 8.1 above, respectively, shall not be applied to the above transactions.
- 47.6 GME shall – according to the modalities indicated in the Technical Rules – notify Market Participants of the actions undertaken in compliance with para. 47.4 a) and b) above.

Article 48
Suspension of the MGAS

- 48.1 GME shall suspend the MGAS under emergency conditions as directed by the Ministry of Economic Development, taking into account, among others, the results of the assessments made by the national gas system emergency and monitoring committee.
- 48.2 GME shall suspend the MGAS if Snam Rete Gas requests the suspension owing to emergency conditions in its systems.
- 48.3 If the case of Article 47, para. 47.1 d) occurs, GME may suspend the sessions of the MGAS.
- 48.4 Without prejudice to the provisions of paras. 48.1 and 48.3 above, if GME identifies abnormal trends in the negotiations in the MGAS or identifies or suspects irregular or unlawful behaviours by one or more Market Participants, it shall notify the Ministry of Economic Development and AEEG thereof and, as directed by the Ministry of Economic Development after hearing the opinion of AEEG, it shall suspend trading in the MGAS or one or more sessions thereof even with immediate effect.
- 48.5 GME shall make known the suspension decision referred to in paras. 48.1, 48.2, 48.3 and 48.4 above by posting it on its website.
- 48.6 After the suspension referred to in paras. 48.1, 48.2, 48.3 and 48.4 above, GME shall make known the reinstatement of negotiations in the MGAS by posting an appropriate notice on its website.
- 48.7 In all cases of suspension of the MGAS, GME shall provide the Ministry of Economic Development and AEEG with an appropriate report on the related impacts.

**TITLE IV
BILLING AND INVOICING OF PAYABLES AND RECEIVABLES**

**SECTION I
BILLING OF PAYABLES AND RECEIVABLES**

***Article 49
Billing of Accepted Bids/Offers***

- 49.1 At the end of each session of the MGAS, or as soon as all the necessary data and information are available, GME shall determine the values of the following payables and receivables - increased by VAT, where applicable - and notify each Market Participant thereof:
- a) purchase transactions;
 - b) sale transactions.
- 49.2 At the end of each invoicing period, GME shall determine the following values and notify each Market Participant thereof in accordance with the modalities and within the time limits specified in the Technical Rules:
- a) purchases concluded under para. 49.1 a) above;
 - b) sales concluded under para. 49.1 b) above.

**SECTION II
INVOICING OF PAYABLES AND RECEIVABLES**

***Article 50
Invoicing Period***

- 50.1 The invoicing period for the payables and receivables pertaining to the MGAS shall be specified in the Technical Rules.

***Article 51
Invoicing***

- 51.1 For each invoicing period, according to the modalities and within the time periods specified in the Technical Rules, GME shall:
- a) issue invoices to each Market Participant in debit towards GME for the amounts specified in Article 49, para. 49.2 a) above, for all the gas-days included in the invoicing period;
 - b) notify each Market Participant in credit towards GME of the amounts referred to in Article 49, para. 49.2 b) above, for all the gas-days included in the invoicing period;
 - c) issue invoices to each Market Participant for the fees due for the MWh traded as per Article 7, para. 7.1 c) above;
 - d) issue invoices to each Market Participant for the contribution owed for the MWh traded as per Article 8, para. 8.1 above.

- 51.2 Following the notifications referred to in para. 51.1 b) above, Market Participants shall issue invoices for the specified amounts to GME.
- 51.3 The time periods and formalities for the issuing of invoices to GME, as set forth in para. 51.2 above, for the purposes of the offsetting referred to in Article 58 below, shall be specified in the Technical Rules.
- 51.4 The invoices and notifications referred to in para. 51.1 above shall be provided to Market Participants by electronic means, according to the modalities set forth in the Technical Rules.
- 51.5 The procedures and time limits for the issuing of invoices by a defaulting Market Participant under Article 62, para. 62.1 c) below shall be set out in the Technical Rules.

Article 52 **Invoice Contents**

- 52.1 For each gas-day included in the invoicing period and for each of the markets making up the MP-GAS, the invoices and notifications referred to in Article 51, para. 51.1 above shall specify at least the following data, where applicable:
- a) the volumes of gas underlying accepted bids/offers;
 - b) the price at which the volumes mentioned in subpara. a) above have been valued;
 - c) the taxes applied;
 - d) the total amount.
- 52.2 For each applicable delivery period included in the invoicing period and for each session of the MT-GAS, the invoices and notifications referred to in Article 51, para. 51.1 above shall specify at least the following data, where applicable:
- a) the type of traded contracts;
 - b) the amount of gas related to the transactions concluded;
 - c) the price at which the contracts mentioned in subpara. a) above have been valued;
 - d) the taxes applied;
 - e) the total amount.
- 52.3 The provisions of paras. 52.1 and 52.2 above shall not apply to the invoices mentioned in Article 51, para. 51.1 c) and d) above.
- 52.3 The invoices referred to in Article 51, para. 51.1 c) and d) above shall specify at least the following data:
- a) the volumes of gas underlying accepted bids/offers;
 - b) the fees applied to the MWh traded;
 - c) the contribution applied to the MWh traded;
 - d) the taxes, where applicable;
 - e) the total amount.

Article 53
Application of Fees for the Services Provided by GME

- 53.1 The access fee, the yearly fixed fee and the fee applied in case of request for activating the error management procedure referred to in Article 7, para. 7.1 a), b) and d) above - increased by VAT, where applicable - shall be invoiced in accordance with the modalities and within the time limits defined in the Technical Rules.

TITLE V
GUARANTEE SYSTEMS, SETTLEMENT OF PAYMENTS AND DEFAULT

SECTION I
GUARANTEE SYSTEMS

Article 54
Treasury Services

54.1 GME shall entrust its treasury services to a leading bank or financial institution.

Article 55
Financial Guarantees of Market Participants

55.1 For the purpose of submitting adequate bids/offers into the MGAS, Market Participants shall post financial guarantees in the form of first-demand bank guarantees in the format of *Annex C (Modello di Fideiussione)* hereto. The guarantees shall be issued by banks which are members of the professional association referred to in Article 13 of Legislative Decree no. 385 of 1 September 1993 and which have a long-term rating attributed by at least one of the following companies: Standard & Poor's Rating Services, Moody's Investor Service and Fitch. The rating shall not be lower than BBB- on Standard & Poor's or Fitch's scale or Baa3 on the scale of Moody's Investor Service.

55.2 As an alternative to or together with the bank guarantees posted as per para. 55.1 above, Market Participants may post guarantees in the form of a non-interest bearing cash deposit, to be made into the account held by GME with the bank in charge of its treasury services.

55.2 bis the PA Market Participants shall post guarantees exclusively in the form of non-interest-bearing cash deposit on the bank account held by GME with the bank in charge of GME's treasury services.

55.3 In the case of a bank guarantee, if the issuing bank is subject to control as per art. 2359, paras. 1 and 2, of the Italian Civil Code and does not meet the requirements set forth in para. 55.1 above, then the guarantee issued by such bank shall be supported by a statement issued by its controlling company. In such statement, the controlling company, which shall meet the requirements specified in para. 55.1 above, shall undertake the following obligations:

- a) if a change takes place in the structure of the company and such change is such as to involve the loss of control as per art. 2359, paras. 1 and 2, of the Italian Civil Code, then the company shall timely notify GME thereof;
- b) if, when receiving a request for redeeming the bank guarantee, the issuing bank defaults on its obligations or is in the position referred to in subpara. a) above, then the company shall guarantee the fulfilment of the obligation undertaken by its controlled company.

55.4 If the issuing bank or the controlling company that has issued the statement mentioned in para. 55.3 above no longer meets one or both of the requirements

specified in para. 55.1 above, or if the controlling company loses the control of the issuing bank as per art. 2359, paras. 1 and 2, of the Italian Civil Code, then the bank guarantees issued by such bank shall remain valid until the end of the time period specified in the Technical Rules.

- 55.5 The bank guarantee and the statement mentioned in para. 55.3 above shall be submitted to the bank in charge of GME's treasury services referred to in Article 54 above.
- 55.6 By the end of the working day following the one on which the bank guarantee and the statement mentioned in para. 55.3 above have been submitted, the bank in charge of GME's treasury services shall verify whether: i) the guarantee is complete and conforms to the format attached hereto (*Annex C*); ii) it has been issued by a bank meeting the requirements specified in para. 55.1 above; and iii) the statement issued by the controlling company has the content referred to in para. 55.3 a) and b) above.
- 55.7 Within the time limit specified in para. 55.6 above, the bank in charge of GME's treasury services shall notify the Market Participant and GME of any deficiencies identified upon the verification of the submitted bank guarantee or of the statement mentioned in para. 55.3 above.
- 55.8 If the verification has a positive outcome, the bank in charge of GME's treasury services shall notify GME, within the time limit specified in para. 55.6 above, of the amount covered by the bank guarantee and of the start of the period of validity of the guarantee and of the statement mentioned in para. 55.3 above.
- 55.9 The Market Participant may dispute the results of the verification carried out by the bank in charge of GME's treasury services by filing an appeal with the Court of Arbitration mentioned in Article 80 below.
- 55.10 The amount covered by the bank guarantee and by the statement referred to in para. 55.3 above shall be valid and effective only as of the second working day following the day on which GME receives the notification referred to in para. 55.8 above.
- 55.11 The amount guaranteed by the non-interest-bearing cash deposit shall be valid and effective only as of the second working day following the one on which such deposit has been credited to GME's account with the bank in charge of its treasury services. The deposit shall be deemed to have been credited to GME's bank account on the date and at the time recorded by the information system of the bank in charge of GME's treasury services.

Article 56
Amount of the Guarantee

- 56.1 The amount of the guarantee (whether a bank guarantee or a non-interest-bearing cash deposit) to be taken into consideration for the adequacy verification - as per Articles 29, 35 and 42 above and Article 57 below - shall be determined by the Market Participant on the basis of the bids/offers that he/she/it intends to submit into the MGAS.
- 56.2 The Market Participant that has posted bank guarantees may at any time change the guaranteed amount, by submitting an updating letter in the format of *Annex D (Modello di Lettera di Aggiornamento della Fideiussione)* hereto or a new bank guarantee to the bank in charge of GME's treasury services.
- 56.3 By the end of the working day following the one of submission of the letter updating the bank guarantee, the bank in charge of GME's treasury services shall verify whether the letter conforms to the specified format (*Annex D*).
- 56.4 Within the time limit specified in para. 56.3 above, the bank in charge of GME's treasury services shall notify the Market Participant and GME of any deficiencies identified upon the verification of the submitted updating letter.
- 56.5 If the verification has a positive outcome, the bank in charge of GME's treasury services shall notify GME, within the time limit referred to in para. 56.3 above, of the new guaranteed amount and of the date from which the new value shall apply.
- 56.6 The new bank guarantee and the updating letter shall be verified according to the provisions contained in Article 55 above.
- 56.7 Except as provided in para. 56.8 below, the modification of the amount of the bank guarantee shall have effect from the later of the following dates:
- a) the second working day following the one on which GME receives the notification referred to in para. 56.5 above;
 - b) the date indicated in the notification referred to in para. 56.5 above.
- 56.8 If the request for modification referred to in para. 56.2 above concerns a decrease of the amount of the bank guarantee, the acceptance of such request shall be subject to verification by GME. GME shall verify whether the requesting Market Participant is in debit towards GME. If the Market Participant is not in debit, GME shall notify the Market Participant of the immediate validity of the requested modification for the purposes of the adequacy verifications.
- 56.9 The Market Participant may at any time request the modification (increase or decrease) of the amount of the guarantee posted in the form of a non-interest-bearing cash deposit. The Market Participant may ask for refund (even partial) of the deposited amount provided that, by doing so, the Market Participant's position is entirely guaranteed. If the Market Participant requests an increase of the amount of the guarantee, he/she/it shall deposit the related amount into the account held by GME with the bank in charge of its treasury services. After verifying whether the Market Participant's deposit has been credited to its bank account, GME shall modify the guaranteed amount with validity and effect from

the second working day following the one on which such deposit has been credited. The amount so credited shall be deemed to have been received on the date and at the time recorded by the information system of the bank in charge of GME's treasury services.

Article 57
Available Amount of the Guarantee
for the Purposes of the Adequacy Verification in the MGAS

- 57.1 GME shall determine and update the available amount of the guarantee under the procedures and within the time limits defined in the Technical Rules.
- 57.2 Where the available amount of the guarantee, updated under the modalities indicated in the Technical Rules, is not sufficient, the Market Participant shall increase it under the procedures and within the time limits defined in the Technical rules. Pending the increase of the guaranteed amount, GME may limit the activity of the Market Participant to transactions that do not increase his/her/its exposure towards GME.
- 57.3 Where the Market Participant does not increase the guaranteed amount in accordance with para. 57.2 above, GME shall apply the default procedure referred to in Section III below.
- 57.4 After the submission of bids/offers into the MGAS and upon registration of the net delivery position at the PSV as per Article 25 bis above, GME shall verify whether the available amounts of the related guarantees are sufficient under the modalities established in the Technical Rules.
- 57.5 The determination and the updating of the available amount of the guarantee, as well as the adequacy verifications shall be carried out under the procedures specified in the Technical Rules and the following principles:
- a) with a view to creating an adequate maintenance margin, the guaranteed amount of Market Participants is decreased by an amount whose value is specified in the Technical Rules;
 - b) bids/offers submitted into the MGAS are adequate if the related guarantees cover the payables/receivables arising therefrom;
 - c) the registration of the net delivery buy position at the PSV is adequate if the related guarantee totally covers its value;
 - d) if the net delivery position cannot be registered at the PSV under Article 25 bis above, GME may decrease the available amount of the guarantee.

- 57.6 For the purposes of the adequacy verifications in the MGAS, GME may define:
- a) a check price for each contract traded in the MGAS; this price is set daily on the basis of bids/offers submitted into and/or concluded in the MGAS; GME may determine the check price also on the basis of other indicators or procedures involving Market Participants;
 - b) a parameter α , which is determined on the basis of the volatility of the prices of the listed contracts;
 - c) a parameter β , which is determined on the basis of the price correlation between different delivery periods.
- 57.7 The values of parameters α and β shall be defined in the Technical Rules.
- 57.8 The amounts referred to in the above paragraphs, to be taken into consideration for the adequacy verification, shall not include the fees specified in Article 7, para. 7.1 above and the contribution specified in Article 8, para. 8.1 above.

SECTION II SETTLEMENT OF PAYMENTS

Article 58 Offsetting of Payments

- 58.1 The settlement period on the MGAS is defined by GME in the Technical Rules.
- 58.2 For each settlement period and each Market Participant, GME shall - under the procedures and within the time limits established in the Technical Rules - determine two distinct net positions of debit and/or credit towards GME pertaining to:
- a) the balance of payables and receivables resulting from purchase and sale transactions carried out in the MGAS,
 - b) the balance of payables and receivables resulting from transactions referred to in Article 66, para. 66.1 b) below, respectively.
- 58.3 GME shall communicate to each Market Participant, according to the formalities and within the time periods specified in the Technical Rules, the results of the determinations referred to in para. 58.2 above, based on which payments shall be made according to the provisions and within the time periods specified in Articles 59 and 61 below.

Article 59 Payments from Market Participants to GME

- 59.1 As a result of the determinations referred to in Article 58 above:
- a) non- PA Market Participants qualified as debtors towards GME, shall settle through the bank in charge of GME 's treasury services the amounts due for each net position, determined and communicated by GME under Article 58, paragraph 58.3 above, according to terms and conditions provided in the Technical Rules;
 - b) GME satisfies its receivables due by debtors PA Market Participants according to terms and conditions provided in the Technical Rules utilising their available cash deposit until reaching the amount of such receivables..
- 59.2 If the due amount is not paid in accordance with paragraph 59.1, subpara. a) above, the debtors Participants of GME may settle the amount due to the bank in charge of GME 's treasury services, plus interest for late payment and a penalty, determined according to the criteria and to the extent shown in Article 67, according to terms and conditions provided in the Technical Rules. GME shall pay the amounts resulting from the application of default interest and penalties above the MGAS guarantee fund.
- 59.3 If the due payment is not received by the bank in charge of treasury services as provided for in subpara. 59.2 above, GME shall apply the default procedure referred to in Section III below.

Article 60
Payments of Fees

- 60.1 The amounts specified in Article 51, para. 51.1 c) and Article 53 above shall be paid in accordance with the procedures and within the time limits specified in the Technical Rules.

Article 61
Payments from GME to Market Participants

- 61.1 Payments to Market Participants qualifying as creditors towards GME as a result of the determinations referred to in Article 58 above shall be made, for each net position, according to the provisions of this Article.
- 61.2 After receiving the payments referred to in Article 59, para. 59.1 above, GME shall make payments to Market Participants qualifying as creditors towards GME after the determinations referred to in Article 58 above, in accordance with the modalities and within the time limits established in the Technical Rules. Such payments shall be made on a *pro quota* basis - as established in the Technical rules - if one or more Market Participants have not paid the entire amount due or part of the amount due under Article 59, para. 59.1 above to the bank in charge of GME's treasury services.
- 61.3 After receiving the payments referred to in Article 59, para. 59.2 above, GME shall make *pro quota* payments to Market Participants qualifying as creditors towards GME after the determinations referred to in Article 58 above, in accordance with the modalities and within the time limits established in the Technical Rules.
- 61.4 After receiving the payments referred to in Article 59, para. 59.3 above, GME shall make *pro quota* payments to Market Participants qualifying as creditors towards GME after the determinations referred to in Article 58 above, in accordance with the modalities and within the time limits established in the Technical Rules.
- 61.5 If GME, by its own fault, makes the payments beyond the time limits mentioned in this Article, it shall pay default interest to Market Participants at the rate posted on GME's website.
- 61.6 GME shall reserve the right to block payments to creditor Market Participants when the circumstances identified in the Technical Rules arise and under the procedures and within the time limits established therein.

SECTION III DEFAULT

Article 62 Cases of Default by the Market Participant

- 62.1 A Market Participant of the MGAS shall be in default:
- a) has not made the payments to GME, in accordance with Article 59, paragraph 59.2 above.
 - b) as a result of the consistency checks carried out under the Article 25 bis, paragraph 25 bis.5 above, cannot register the net delivery position at the PSV;
 - c) fails to adapt the guarantee as per Article 57 above.

Article 63 Management of Default

- 63.1 In the cases of default referred to in Article 62, para 62.1 a) and c) above, GME shall:
- a) suspend the Market Participant from the MGAS;

- b) redeem the guarantees posted under Section I of this Title;
- c) close the net delivery positions under Article 66 below.

- 63.2 If the guarantees redeemed under para. 63.1 b) above are insufficient to cover the debit of the defaulting Market Participant or if the bank issuing the guarantee defaults on its obligations under Article 65 below, GME shall contribute to covering the debits of the defaulting Market Participants or of the bank issuing the guarantee, by using (in the following order):
- a) the MGAS guarantee fund in the manner and terms established in the Technical Rules;
 - b) its own funds for a maximum amount determined each year and allocated for this purpose; this amount, posted on GME's website, shall be set by the Ministry of Economic Development at the proposal of GME.
- 63.3 If the resources used by GME under para. 63.2 above are not sufficient to cover the debits of the defaulting Market Participants or of the bank issuing the guarantee, GME shall - for the uncovered part - resort to the risk pooling mechanism defined by AEEGSI. It shall be understood that, in this case, GME shall make payments to Market Participants for the uncovered portion of the credit under Article 61, para. 61.4 above only after receiving the amounts resulting from the application of the aforesaid risk pooling mechanism. As a consequence, creditor Market Participants shall have no right or claim towards GME for the portion of credit not yet covered.
- 63.4 GME shall institute any ordinary judicial proceedings as needed to recover the amounts due by the defaulting Market Participant or issuing bank. The possibly recovered amounts shall restore the amounts used by GME to cover debits according to the following order:
- a) the amounts used under the risk pooling mechanism mentioned in para. 63.3 above;
 - b) the own funds mentioned in para. 63.2 b) above;
 - c) the amounts withdrawn from the MGAS guarantee fund referred to in paragraph 63.2 a).
- 63.5 In the cases of default referred to in Article 62, para. 62.1 b) above, GME may:
- a) decrease the available amount of the guarantee under Article 57, para. 57.5 d) above;
 - b) under Article 66 below, assign to the Market Participant a transaction of opposite sign for a volume equal to the one of the net delivery position not registered at the PSV;
 - c) In application of the provisions of the AEEGSI by order, GME shall pay the amounts resulting from the application of the penalty to the MGAS guarantee fund.

Article 64 ***Suspension of the Market Participant***

- 64.1 GME shall revoke the suspension of the Market Participant pursuant to Article 63, para. 63.1 a) above, if the same Market Participant has paid to GME the amounts due or if GME has recovered the amounts referred to in para. 63.4 above and the Market Participant has submitted additional valid and effective guarantees, except as provided in para. 64.2 below.

- 64.2 Six months after the suspension, GME shall exclude the Market Participant from the market.

Article 65
Default by the Bank Issuing the Guarantee

- 65.1 If the guarantee has been posted in the form of a bank guarantee and if, after receiving a request for redemption of the bank guarantee, the issuing bank fails to make the consequent payment within the time limit indicated therein, the other bank guarantees issued by the same bank shall remain valid until the time limit established in the Technical Rules.
- 65.2 If, after receiving a request for redemption of the bank guarantee, the issuing bank fails to make the consequent payment within the time limit indicated therein, GME shall not accept any new bank guarantees issued by the same bank for the purposes of Article 55 above. If the issuing bank fulfils its guaranteed obligation after the time limit indicated in the bank guarantee, GME may decide not to accept the new bank guarantees issued by the same bank for the purposes of Article 55 above up to a maximum period of twelve months from the date of the late fulfilment.

Article 66
Closing of the Market Participant's Positions

- 66.1 In the cases of default pursuant to Article 62 above, GME shall - under the modalities and within the time limits established in the Technical Rules - determine the net delivery positions of the Market Participant (obtained as the algebraic sum of the transactions that he/she/it has concluded in the MGAS) and:
- a) for net delivery positions for which there are corresponding contracts traded in the MT-GAS, close these net delivery positions, by closing the defaulting Market Participant contractual positions, by concluding opposite sign transactions in the MT-GAS that are attributed to the Market Participant himself/herself/itself;
- b) for net delivery positions for which there are corresponding contracts traded in the MT-GAS, as well as for positions for which the procedure referred to in subparagraph a) did not allow the closure, adjust at the balancing system the net position undelivered by the defaulting Market Participant. In this case, at the end of the session of MI-GAS related to the relevant period of the net undelivered position, GME shall assign the Participant a transaction in the MGAS with opposite sign, for an amount equal to that of the net delivery position unregistered at the PSV and a price equal to the price applied in the balancing system, on the same gas-day, to the imbalance having the same sign of the position not registered.
- 66.2 In accordance with the provisions established by the AEEGSI, GME shall pay any financial surplus to the MGAS guarantee fund, resulting from the liquidation of the closure of net delivery positions of defaulting Market Participants made pursuant to the preceding paragraph 66.1 b) above.

Article 67
Default Interest and Penalties

- 67.1 In case of redemption of the guarantees, the amount owed by the Market Participant in debit shall be increased by a penalty, by default interest as specified in para. 67.2 below, as well as by the related redemption fees, if the guarantee has been posted in the form of a bank guarantee.
- 67.2 The default interest shall be determined by applying:
- a) for late payments in respect of the net position referred to in Article 58, para. 58.1 a) above, the legal interest rate to the amount owed by the Market Participant;
 - b) for late payments in respect of the net delivery position referred to in Article 58, para. 58.1 b), the default interest specified in the Technical Rules at a rate conforming to the provisions of the network code.
- 67.3 The default interest mentioned in para. 67.2 above shall be applied for a number of days equal to:
- a) the number of days of late payment, if the Market Participant pays within the time limits specified in Article 59, para. 59.2 above;
 - b) the number of days elapsing from the time limit specified in Article 59, para. 59.1 above to the day on which the issuing bank pays the redeemed amount to GME, if the bank guarantee is redeemed.
- 67.3 The penalty covered by para. 67.1 above shall be equal to one per cent and applied to the cases of late payment identified in the Technical Rules.

TITLE VI
DISCIPLINARY MEASURES, COMPLAINTS AND DISPUTES

SECTION I
BREACHES AND DISCIPLINARY MEASURES

Article 68
Breaches of the Rules and Technical Rules

- 68.1 The following behaviours shall be considered as breaches of these Rules and of the Technical Rules:
- a) negligence, imprudence and unskilfulness in the use of the systems of communication and submission of bids/offers;
 - b) vexatious use of the complaint procedure defined in Section II below of this Title;
 - c) disclosure to third parties of confidential information related to the Market Participant or other Market Participants, in particular as regards the codes of access to GME's information system, any other data pertaining to such access and the contents of bids/offers submitted by other Market Participants to GME, except in the fulfilment of obligations arising from laws, regulations or decisions issued or adopted by the relevant authorities;
 - d) any attempt to access restricted sections of GME's information system;
 - e) any use for fraudulent purposes of the systems of communication and submission of bids/offers;
 - f) any other conduct contrary to the common principles of correctness and good faith referred to in Article 3, para. 3.4 above.

Article 69
Disciplinary Measures

- 69.1 If the breaches referred to in Article 68 above are ascertained, GME may - respecting the principles of impartiality and equality of treatment and bearing in mind the severity of the breach and its possible recurrence - apply the following disciplinary measures to Market Participants on the basis of the scale referred to in Article 70 below:
- a) a private written notice of the breach;
 - b) a pecuniary penalty;
 - c) the suspension of the Market Participant from the market;
 - d) the exclusion of the Market Participant from the market.
- 69.1 bis If a measure of pecuniary penalty is imposed and the same has not been paid by the Market Participant within six months from the date of notice of such disciplinary measure, GME may also suspend the Market Participant from the market until payment of the such penalty.
- 69.2 In case of suspension or exclusion from the market, the Market Participant involved may - under the supervision of GME - close any transaction still in progress and carry out any other transaction unavoidably connected therewith.

- 69.3 After identifying a breach, GME shall serve a notice to the Market Participant involved. The notice shall include:
- a) a description of the alleged breach;
 - b) a deadline of at least ten days for the Market Participant to possibly submit pleadings and documents and request a hearing.
- 69.4 If the Market Participant requests a hearing or GME deems such hearing appropriate, GME shall set the date of the same and promptly notify the Market Participant thereof. If the Market Participant does not appear at the hearing and the hearing is not postponed to another date for justified reasons, GME shall make a decision on the basis of available evidence. In case of postponement of the hearing, this cannot, in any case, take place after the tenth day following the date originally set for the same.
- 69.5 Based on available evidence, GME shall apply the disciplinary measure or dismiss the case within thirty days from the hearing or, if this hearing is not required or not deemed necessary by GME, within thirty days from the notice referred to in paragraph 69.3 above.
- 69.6 Where the alleged breaches are such as to involve the imminent danger of the proper operation of the market, GME shall, on a precautionary basis, suspend the Market Participant from the market during the course of the disciplinary procedure.
- 69.7 The disciplinary measure and the grounds thereof or the decision to dismiss the case shall be notified to the Market Participant concerned. In case a disciplinary measure is implemented, the same shall be notified to the Ministry of Economic Development.

Article 70 ***Graduation of Disciplinary Measures***

- 70.1 Where the breaches are due to the fault of the Market Participant, GME may apply the following disciplinary measures:
- a) a private written notice of the breach;
 - b) suspension from the market for a minimum period of five days and a maximum period of one month. In case of recurrence, the suspension from the market shall be equal to one month.
- 70.2 If the breaches mentioned in para. 70.1 above have caused disturbances to the proper functioning of the market, GME may suspend the Market Participant from the market for a minimum period of one month and a maximum period of one year. In case of recurrence, the suspension from the market shall be equal to one year.
- 70.3 If the breaches are due to the intentional wrongdoing of the Market Participant, GME may apply the following disciplinary measures:
- a) suspension from the market for a minimum period of six months and a maximum period of eighteen months. In case of recurrence, the suspension from the market shall be equal to eighteen months.
 - b) exclusion from the market.

- 70.4 If the breaches mentioned in para. 70.3 above have caused disturbances to the proper functioning of the market, GME may apply the following disciplinary measures:
- a) suspension from the market for a minimum period of eighteen months and a maximum period of three years. In case of recurrence, the suspension from the market shall be equal to three years.
 - b) exclusion from the market.
- 70.5 As an alternative to the disciplinary measure of suspension from the market referred to in paras. 70.1 b), 70.2, 70.3 a) and 70.4 a) above, GME may apply a pecuniary penalty of a minimum of twenty thousand/00 Euro and of a maximum of one hundred million/00 Euro. This penalty shall be based on the extent and severity of the damage arising from the breach. If the Market Participant has failed to make payment of the penalty within six months from the date of notice of such disciplinary measure, GME may also suspend the Market Participant from the market until the date of payment of such penalty.

Article 71
Suspension for Non-Fulfilment of Notification Obligations
and Non-Payment of the Fees and of the Contribution

- 71.1 In addition to the cases provided for in Articles 63 and 70 above, GME shall suspend the Market Participant from the market or apply the pecuniary penalty referred to in Article 70, para. 70.5 above in the following cases:
- a) where the Market Participant does not fulfil his/her/its obligation of notification as per Article 21, para. 21.1 above or the information disclosed pursuant to Article 21, para. 21.1 above do not allow GME finding the Market Participant or the latter does not supply the information or documentation required pursuant to Article 20, para. 20.2 above. The suspension shall have effect until the date on which GME receives the notification as per Article 21, para. 21.1 above or the information and documentation referred to in Article 20, para. 20.2 or until when the Market Participant becomes available again on the basis of the information disclosed under Article 21, para. 21.1 above;
 - b) where the Market Participant fails to pay the fees specified in Article 7 above, according to the provisions of Article 60 above, or the contribution referred to in Article 8 above. The suspension shall have effect until the date on which the Market Participant fulfils said obligations and, however, within six months; after this period of time, the Market Participant shall be excluded from the market.

Article 72
Publication of Disciplinary Measures

72.1 After applying the disciplinary measures referred to in Article 69, para. 69.1 b), c), and d) above, GME shall publish the same, with the exception of the confidential sections of the same measures, on its website thirty days after serving the relevant notice of the disciplinary measure to the Market Participant concerned, unless the case has been brought before the Court of Arbitration. In this case, GME shall disclose the adoption of the disciplinary measure only if it is confirmed by the Court of Arbitration

Article 73

Challenging Denial of Admission to the MGAS and Disciplinary Measures

- 73.1 Without prejudice to Article 81 below, the Market Participant may file an appeal with the Court of Arbitration against the denial of admission to the market or the disciplinary measures applied under Article 69, para. 69.1 above. The appeal shall be filed - under penalty of lapse - within thirty days of the notification of the denial procedure or of the disciplinary measure.

SECTION II COMPLAINTS

Article 74

Submission Formalities and Minimum Complaint Contents

- 74.1 Complaints relating to the MGAS shall, under penalty of inadmissibility, be submitted in electronic form within the time limits set forth in this Section and using the appropriate forms available in GME's information system.
- 74.2 All complaints shall, under penalty of inadmissibility, include the following elements:
- a) identification code of the disputed bid/offer, as assigned by GME's information system, or any other reference permitting to uniquely identify it;
 - b) decision of GME which is being disputed;
 - c) concise description of the grounds for the complaint.

Article 75

Complaints about Results of Validation and Adequacy Verification of Bids/Offers

- 75.1 The Market Participant may dispute the results of the validations and verifications referred to in Articles 29, 35 and 42 above, by sending a notification to GME within 60 minutes of GME's decision.

Article 76

Complaints about Market Results

- 76.1 The Market Participant may dispute the results of each of the markets making up the MGAS, namely the results of the process of acceptance of bids/offers and of determination of the prices at which they are valued, by sending a notification to GME within 60 minutes of GME's decision.

Article 77
Complaints about Billing Procedures

- 77.1 The Market Participant may dispute the results of the billing procedures referred to in Title IV, Section I above, by sending a notification to GME by 16:00 of the second working day following the one on which such results are notified to the Market Participant.

Article 78
Complaints about Invoicing and Settlement Procedures

- 78.1 The Market Participant may dispute the results of the invoicing procedures referred to in Section IV, Chapter II, or the settlement determinations under Section V, Chapter II by sending a notification to GME within the terms set forth in the Technical Rules.
- 78.2 In the case referred to in paragraph 78.1 above, GME takes any action specified in the Technical Rules according to terms and conditions provided therein. On the amount due as a result of the disputes, . default interest - at the rate indicated in Article 67 above - shall be paid on the amounts payable after complaint resolution

Article 79
Complaint Resolution

- 79.1 GME shall notify the Market Participant concerned of the outcome of the verification of the complaints as per Articles 75, 76, 77 and 78 above, by 16:00 of the second working day following receipt of the complaint.
- 79.2 Where a complaint brought as per Articles 75 and 76 above is accepted because GME's disputed decision is affected by errors or omissions for which GME is responsible, GME shall pay a compensation of a maximum of ten thousand/00 Euro to the Market Participant concerned.
- 79.3 The Market Participant's acceptance of GME's compensation indicated in para. 79.2 above shall imply the Market Participant's waiver of the dispute resolution procedure mentioned in Section III below of this Title.
- 79.4 The limit specified in para. 79.2 above shall apply not only to the complaints indicated therein and to any dispute arising therefrom, but also to the decisions resulting from the arbitration procedures referred to in Articles 80 and 81, para. 81.2 below.
- 79.5 If a complaint brought pursuant to Articles 77 and 78 above is accepted, GME shall carry out the related corrections.
- 79.6 The acceptance of a complaint shall not change the result of the market session to which it refers.

SECTION III DISPUTES

Article 80 Court of Arbitration

- 80.1 Without prejudice to the provisions of Article 81, para. 81.1 below, any dispute arising between GME and Market Participants over the interpretation and implementation of these Rules and the Technical Rules shall be settled by a Court of Arbitration.
- 80.2 The Court of Arbitration shall be composed of three members: one appointed by GME, one appointed by the Market Participant and a third member, acting as President, appointed jointly by the arbitrators appointed by parties or, in case of disagreement, by the President of the Court of Rome, under article 810 of the Italian Civil Procedure Code.
- 80.3 The Court of Arbitration shall render its decisions in accordance with the applicable laws and the arbitration procedure shall take place in compliance with article 806 and subsequent articles of the Italian Civil Procedure Code.
- 80.4 The Court of Arbitration shall be based in Rome at GME's registered office.
- 80.5 If the Market Participant does not accept the result of the complaint examination referred to in Article 79, the same may bring an appeal to the Court of Arbitration. In such cases, as well as against the verification of the financial guarantees referred to in Article 55, para. 55.9, or against the outcome of the verification of the updating letter referred to in Article 56, para. 56.6, the arbitration procedure shall be promoted, under penalty of forfeiture, within thirty days from the notification of the outcome of the verifications which are subject of the claim.

Article 81 Dispute Resolution

- 81.1 In addition to the cases referred to in Article 63, para. 63.4 above, disputes concerning failure to make payments, in full or in part, for the following items shall be subject to the exclusive jurisdiction of Italian courts:
- a) fees referred to in Article 7, para. 7.1;
 - b) amounts referred to in Article 69, para. 69.1 c);
 - c) amount referred to in Article 70, para. 70.5;
 - d) contribution referred to in Article 8, para. 8.1 above.
- 81.2 Without prejudice to the provisions of para. 81.1 above and as an alternative to the provisions of Article 80 above, at the request of one of the parties concerned, disputes between GME and Market Participants and between or among Market Participants shall be settled by arbitration procedures, as established by AEEG pursuant to article 2, para. 24 b) of Law no. 481 of 14 November 1995.

**TITLE VII
FINAL PROVISIONS**

***Article 82
Functioning of the Information System***

- 82.1 GME may suspend, postpone or close in advance a market sitting or session in case of technical malfunctions of its information system.
- 82.2 For the purpose of guaranteeing and safeguarding the proper technical functioning, as well as an efficient use of GME's information system and, in general, the proper operation of the market, GME may impose limits to the submission, cancellation and change of trading orders, as well as to the number of logons of each Market Participant or of specific categories of Market Participants to GME's information system.



Annex A

Market Participation Application

**Market Participation Application,
under Article 13, para. 13.1 a) of the Natural-Gas Market Rules**

I, the undersigned...
(*name and surname*)
born in... on...,
residing in ...,
(*address*)
taxpayer's code ..., VAT number ...
telephone number ..., fax number ...
e-mail address ...

or

The company.../other...
(*company name or registered name*)
having its registered office in ...
(*address*)
taxpayer's code ..., VAT number ...
telephone number ..., fax number ...
e-mail address ...
represented by ...in his/her capacity of ...
(*legal representative or duly authorised person*)

WHEREAS

- the organisation, management and operation of the gas market are governed by the Natural-Gas Market Rules (hereafter the "Rules"), approved under art. 30, para. 1 of Law no. 99 of 23 July 2009 (hereafter "Law 99/09") by the Minister of Economic Development with his Decree of 6 March 2013 (hereafter "Ministerial Decree of 6 Mar. 2013), as subsequently amended and supplemented, and fully superseding - under the Decree of 9 August 2013 - the Gas Market Rules, approved under art. 30, para. 2 of Law 99/09 by the Ministry of Economic Development after hearing the opinion of *Autorità per l'energia elettrica e il gas* (AEEG – the electricity & gas regulator) on 26 November 2010, as subsequently amended and supplemented;
- the Technical Rules, referred to in Article 4 of the Rules, shall be posted on GME's website and enter into force upon the date of their publication;

NOW, THEREFORE,

I, the undersigned...

or

the company ... /other...,
represented by...in his/her capacity of ...,
(*legal representative or duly authorised person*)

APPLY/APPLIES

for admission to the Gas Market under Article 13 of the Rules and the procedure referred to in Article 15 thereof.

For this purpose, I/the company ... /other... enclose/s the documents mentioned in Article 14 of the Rules, which shall be an integral part hereof, as well as a signed copy of the Market Participation Agreement referred to in Article 13, 13.1 b) of the Rules, in the format annexed thereto.

I, the undersigned...

or

The company/other ...
represented by ... in his/her capacity of ...
(*legal representative or duly authorised person*)

- 1) declare/s that I/it have/has read and understood the Rules and the Technical Rules and that I/it accept/s to be bound thereby without any condition or reservation;

2) declare/s that I/it am/is proficient in the use of ICT systems and related security systems or that I/it rely/relies on ICT-proficient employees or assistants;

3) designate/s Mr./Mrs..., whose contact data are as contact person for communications, if any;

4) designate/s the following party/parties to access GME's information system on behalf of the Applicant:

for the Spot Gas Market (MP-GAS):

- a) Mr. /Mrs ..., born in ... on ..., residing in ..., taxpayer's code ... telephone number ...e-mail address ...;
- b) ...
- c) ...;

for the Forward Gas Market (MT-GAS):

- a) Mr. /Mrs ..., born in ... on ..., residing in ..., taxpayer's code ... telephone number ...e-mail address ...;
- b) ...
- c) ...;

5) (*where applicable*) declare/s that the PSV identification code, assigned by *Snam Rete Gas S.p.A.*, is as follows: ...

*(**) Pursuant to Legislative Decree of 30 June 2003, no. 196, and subsequent amendments and additions, the personal data shown in this application form will be processed electronically in fulfilling the obligations deriving from it, and for the execution of obligations under the Rules, using computer support, so as to ensure the confidentiality and the safety of the information, according to the privacy statement issued under Article 13 of the aforementioned Decree and posted on the GME's website. The applicant notes the above article and gives his/her/its consent to the processing and communication to third parties of personal data in the manner and for the purposes shown in the information in accordance with local regulations.*

*(**) The affixing of the flag on the corresponding box is required as the transfer of personal data is necessary for admission to the market.*

Place and date

...

Signature

....



Annex B

Market Participation Agreement

**Market Participation Agreement,
under Article 13, para. 13.1 b) of the Natural-Gas Market Rules**

BETWEEN

Gestore dei Mercati Energetici S.p.A., with registered office in Viale Maresciallo Pilsudski 122-124, 00197 Rome, Italy, taxpayer's code and VAT number 06208031002 (hereafter "GME"),

AND

(name and surname) ... /the company/other ... (company name or registered name),
residing in/with registered office in ... (address),
taxpayer's code ..., VAT number ...,
represented by ..., in his/her capacity of ..., (hereafter the "Contracting Party"),

GME and the Contracting Party, hereafter defined individually as the "Party" and jointly as the "Parties",

WHEREAS

- A. GME is the company (*società per azioni*) - set up in accordance with article 5, para. 1 of Legislative Decree no. 79 of 16 March 1999 - which is vested, among others, with the economic management of the Natural-Gas Market (hereafter the "Market") on an exclusive basis under article 30, para. 1 of Law no. 99 of 23 July 2009 (hereafter "Law 99/09");
- B. GME prepared the Natural-Gas Market Rules (hereafter the "Rules"), approved under art. 30, para. 1 of Law 99/09 by the Minister of Economic Development with his Decree of 6 March 2013, as subsequently amended and supplemented, and fully superseding - under the Decree of 9 August 2013 - the Gas Market Rules, approved under art. 30, para. 2 of Law 99/09 by the Ministry of Economic Development after hearing the opinion of *Autorità per l'energia elettrica e il gas* (AEEG – the electricity & gas regulator) on 26 November 2010, as subsequently amended and supplemented;
- C. *Snam Rete Gas S.p.A.* (hereafter "SNAM") is the company (*società per azioni*) - set up on 15 November 2000 - which carries out the activities of transmission and dispatching of natural gas and which organises and manages the PSV system under AEEG's Decision 22/04, as subsequently amended and supplemented;
- D. pursuant to Article 13, para. 13.1 b) of the Rules, a party intending to participate in the market shall submit to GME a signed copy of the *Contratto di adesione al mercato* (Market Participation Agreement, hereafter the "Agreement");
- E. the Technical Rules referred to in Article 4 of the Rules shall be published on the website of GME and have effect as of the date of their publication;
- F. for the purposes and effects of the Rules, GME shall be the counterparty of Market Participants in the Market;

NOW, THEREFORE,

the Parties agree as follows:

Article 1

Scope of the Agreement and Validity of the Preamble

- 1.1 This Agreement defines:
 - a) the Contracting Party's rights and obligations towards GME;
 - b) the terms and conditions on which GME shall provide its services in connection with transactions in the Market (hereafter the "Services").
- 1.2 The Preamble shall be an integral and essential part hereof.

Article 2

Obligations of the Contracting Party

- 2.1.1 The Contracting Party declares that he/she is aware of and accepts, without any condition or reservation, the Rules as they result from the applicable legislation. The Contracting Party also declares that he/she fully understands GME's information system (hereafter the "System") in its present configuration or that, in any case, he/she undertakes to do so.

2.2 The Contracting Party undertakes:

- a) to comply with the Rules and the Technical Rules and to keep himself/herself updated with any amendments thereto. It shall be understood that, where the Contracting Party does not intend to accept any amendments and additions to the Rules and Technical Rules, he/she may withdraw herefrom, giving notice according to the procedures and to the address specified in Article 9, paras. 9.6 and 9.7 below. At any rate, the withdrawal shall have effect only after the Contracting Party has carried out transactions of opposite sign in order to close his/her contractual positions existing in the Forward Gas Market upon submission of the notice of withdrawal and, anyway, only after the Contracting Party has met his/her obligations in connection with his/her participation in the Market. Fifteen days after the legal publication of such amendments and additions, if the Contracting Party has not given notice of his/her intent to withdraw herefrom, such amendments and additions shall be assumed to have been tacitly accepted. Without prejudice to the transactions carried out to give effect to the withdrawal, any transaction carried out in the Market before the end of the above period shall be understood as tacit acceptance of the new terms and conditions. In no case may such amendments constitute a valid reason for the Contracting Party to default on obligations acquired in the Market;
- b) to adopt technological systems that are suitable for the trading activity and compatible with the System, as well as to update them as a result of any modification as GME may make to the same System;
- c) to adopt technological systems suitable for issuing invoices for the transactions made in the Market, compatible with the System and ensuring a correct, timely and secure exchange of the data and information transmitted electronically, under the procedures and within the time limits specified in the Rules and the Technical Rules;
- d) to employ personnel with adequate professional skills and competence in the use of the technological systems referred to in subparas. b) and c) above
- e) to join the service of settlement of payments and the guarantee systems referred to in Title V of the Rules;
- f) to notify GME timely and, where possible, in good time for GME to make any necessary corrective actions for the purpose of ensuring the proper operation of the Market, of any problem or operational malfunction of a technical nature or any other event which has resulted or might result in the failure to provide or incorrect provision of the Services. In particular, the Contracting Party shall notify GME with the maximum speed and according to the procedures specified in Article 9, paras. 9.6 and 9.7 below, of the occurrence of any event potentially dangerous for the integrity and security of the System (including but not limited to the theft of confidential documents regarding access to the System or unauthorised access to the Contracting Party's premises where such documents are kept);
- g) to co-operate with GME or with the third parties designated by GME, also permitting access by their employees or assistants to the Contracting Party's premises for carrying out any operations on the Contracting Party's hardware and software as may be necessary to ensure the proper functioning of the Market. It shall be understood that, pursuant to article 2049 of the Italian Civil Code, GME shall be liable for any damages caused upon such operations;
- h) to respect GME's rights of ownership on the data transmitted through the System and on the trademarks registered or used by GME, as well as GME's or third-party suppliers' rights of ownership on the software programmes used for the provision of the Services;
- i) to maintain confidentiality and privacy as regards the devices referred to in Article 4, para. 4.1 below and use or permit their use by specifically designated parties solely for access to and trading in the Market. The Contracting Party shall thus be liable for any unauthorised access to the Market by third parties and hold GME harmless against any damage or danger to the integrity or security of the System that may result from the negligence of the Contracting Party or of his/her personnel in the safekeeping of such devices;

- j) to timely ask GME to disable the devices referred to in subpara. i) above and to assign new or different devices in all cases where the Contracting Party has reason to believe that unauthorised parties may make an improper use thereof;
- k) to hold GME harmless against any damage or cost as GME may incur, also as a result of actions of third parties, caused by the actions or conduct of the Contracting Party, as well as of his/her personnel members, assistants or consultants, if any, in violation of this Agreement, of the Rules and of the Technical Rules and of any other legislative provisions or regulations, or instruments and provisions issued by GME or competent authorities.

Article 3
GME's Services

- 3.1 The Services shall be supplied by GME to the Contracting Party in compliance with this Agreement, the Rules and the Technical Rules. The obligations of GME as regards the supply of the Services shall constitute "obligations of means".
- 3.2 GME shall give the Contracting Party the necessary co-operation for access to the System, namely in accordance with what is specified in the Technical Rules. It shall be understood that the carrying out of activities and the provision of the necessary means of access shall be the exclusive responsibility and at the sole expense of the Contracting Party.
- 3.3 GME may modify the technical, functional, operational and administrative procedures for the supply of the Services, as a result of amendments or additions to the Rules or Technical Rules.
- 3.4 Without prejudice to what is provided for in the Rules and Technical Rules, if the supply of the Services is interrupted, suspended, delayed or affected by malfunctions caused by technical problems with the System, GME shall do whatever is necessary to overcome such problems. It shall be understood that, if the aforesaid events are due to technical problems with the hardware or software used by the Contracting Party to access the System, the Contracting Party shall eliminate the relative causes with the maximum speed. GME and the Contracting Party shall co-operate, within the scope of their responsibilities, to identify the causes of interruptions, suspensions, delays or malfunctions and to restore the proper operation of the System as soon as possible.
- 3.5 GME shall be responsible for the correct processing and transmission of data and information entered by third parties into the System or arising in the Market. GME and the Contracting Party agree that GME's obligations shall not include the checking of the truthfulness, accuracy and completeness of data and information provided by third parties and made available to the Contracting Party as part of the provision of the Services.
- 3.6 GME and the Contracting Party agree that GME shall not be responsible for faults or malfunctions of lines of communication (e.g. telephone lines), as well as of access to the Internet.
- 3.7 The Contracting Party agrees that GME may rely on third parties designated by GME for the supply of the Services, while it is understood that, in every case, the contractual relationship shall be exclusively between the Contracting Party and GME.
- 3.8 GME undertakes to respect the Contracting Party's rights of ownership on the data transmitted through the System and on the trademarks registered or used by the Contracting Party and made known to GME.
- 3.9 GME shall hold the Contracting Party harmless against any damage or cost as the Contracting Party may incur also as a result of actions of third parties, caused by the actions or conduct of GME or of its personnel members, assistants or consultants in the management and supply of the Services, which are in violation of this Agreement, the Rules or Technical Rules, as well as of any other legislative provision or regulation applicable hereto.

Article 4
Access to the System

- 4.1 For the purpose of accessing the System, the Contracting Party shall use the technical security devices indicated by GME, such as, for example, the user code together with password, smart card or other means of strong authentication.
- 4.2 Access to the System shall take place in compliance with the provisions specified in the Technical Rules.

Article 5
Fees and Contribution

- 5.1 For the Services supplied in accordance herewith, the Contracting Party shall pay the fees determined by GME under Article 7 of the Rules, under the procedures and within the time limits referred to in Article 60 thereof.
- 5.2 Where the System is totally disabled and prevents the Contracting Party from carrying out transactions in the Market, the fees referred to in para. 5.1 above shall be reduced proportionally to the period in which such disabling has occurred.
- 5.3 The Contracting Party shall pay the contribution mentioned in Article 8 of the Rules, under the procedures and within the time limits established therein.

Article 6
Limitation of liability, force majeure and fortuitous events

- 6.1 Without prejudice to what is provided in the Rules, GME shall, in carrying out the Services, be liable for damages of a contractual and extra-contractual nature, only when they constitute the immediate and direct consequence of wilful misconduct or gross negligence and, in the latter case, are predictable upon the date of the signing hereof. The Parties agree that there shall be no obligation of compensation for damages that are an indirect or unpredictable consequence of the conduct of GME, including but not limited to damages resulting from the loss of business opportunities, customers or profits.
- 6.2 The Contracting Party shall notify GME - under penalty of lapse - of any claim for damages relating to the supply of the Services within and not later than fifteen working days from the day on which the Contracting Party has come to know or should have known, using proper diligence, of the occurrence of the damaging event, providing at the same time a detailed report of the circumstances of the damaging event and of the damages so produced. The relative documents in support of the claim shall be transmitted to GME within and not later than twenty working days from the day on which the Contracting Party has come to know or should have known, using proper diligence, of the occurrence of the damaging event.
- 6.3 GME and the Contracting Party shall not be liable for default due to force majeure, fortuitous cases, or events beyond their control, including but not limited to wars, uprisings, earthquakes, floods, fires, strikes, interruptions in electricity supply or in the operation of the dedicated data transmission lines which are part of the System, when such interruptions are exclusively the fault of third parties.
- 6.4 GME shall not be liable for damages incurred by the Contracting Party and/or third parties resulting from any unavailabilities, for whatever reason, of the PSV system organised and managed by Snam.
- 6.5 GME may, in cases of force majeure or fortuitous events and, in general, in all cases where the activities of the Contracting Party may damage the integrity or security of the System, suspend access to the System without the necessity of prior notification of the circumstances giving rise to the suspension.

Article 7
Duration

- 7.1 This Agreement shall be executed by and upon the signature of the Contracting Party and by and upon the receipt of its original by GME. Its duration shall be unlimited. The Agreement shall have effect after GME has successfully verified the completeness and correctness of the documents submitted by the Contracting Party and the fulfilment of the requirements for admission of the Contracting Party to the Market. GME shall notify the Contracting Party of the outcome of the above verifications as per Article 15 of the Rules.
- 7.2 This Agreement will cease to have effect upon the occurrence of one of the following events:
- a) exclusion of the Contracting Party from the Market;
 - b) total disabling of the System as a result of amendments to the applicable provisions;
 - c) Contracting Party's withdrawal herefrom.
- 7.3 The dissolution of the Agreement under this Article shall not impair any other right of either party under the Agreement or the applicable legislation, and any right or obligation of either party that has already arisen upon the date of dissolution.

Article 8
Termination

- 8.1 Any loss for whatever reason of the status of Market Participant, as acquired in accordance with Article 15 of the Rules, shall constitute reason for *de jure* termination of this Agreement pursuant to article 1456 of the Italian Civil Code, without prejudice to the right of GME to withhold the contribution paid under Article 8 of the Rules, as well as the fixed fee specified in Article 7, para. 7.1 b) of the Rules by way of indemnity and to any other further right to compensation for any additional damages.

Article 9
General Clauses

- 9.1 The invalidity or nullity of one or more of the clauses of this Agreement shall not impair the validity of the remaining clauses, which shall retain in every case their full force and effect.
- 9.2 This Agreement and the rights and obligations for the Parties resulting herefrom shall not be assigned to third parties unless otherwise specified herein.
- 9.3 Without prejudice to the provisions of Article 6, para. 6.2 above, failure or delay by either Party to exercise the rights arising herefrom shall not represent a waiver of such rights.
- 9.4 Any amendment hereto shall be made in writing.
- 9.5 For the purposes of this Agreement, the Parties elect domicile at the following addresses:
- Gestore dei Mercati Energetici S.p.A., Viale Maresciallo Pilsudski 122-124, 00197 Rome - Italy,
 - ...
(address)
- 9.6 Every communication or notification to be made in accordance herewith shall be made in writing and delivered by hand, also by courier, or sent by registered letter with return receipt, by fax or by e-mail with acknowledgment of receipt, to the following addresses:
- Gestore dei Mercati Energetici S.p.A., Viale Maresciallo Pilsudski 122-124, 00197 Rome - Italy, fax number +39 06 8012 4524; e-mail address info@mercatoelettrico.org, gme@pec.mercatoelettrico.org;
 - ...
(address)
fax number ..., e-mail address ...
- 9.7 Communications shall be deemed to have been received upon the date of signature of their receipt of delivery, if delivered by hand, or when they reach the receiver's address, if sent by registered

letter with return receipt, or upon the date of receipt recorded by the fax machine if sent by fax, or upon the date of receipt of the acknowledgement of receipt, if sent by e-mail.

Article 10
Governing law

10.1 This Agreement shall be governed by the Italian law.

Article 11
Disputes

11.1 Any dispute arising between GME and the Contracting Party in connection herewith shall be settled in accordance with the provisions contained in Title VI of the Rules, which shall be deemed to be fully referred to and transcribed herein.

the Contracting Party

.....

For the purposes and effects of Articles 1341 and 1342 of the Italian Civil Code, I hereby specifically approve the following clauses of the Agreement: Article 2.2 (a) (Rules, Technical Rules and Amendments thereto); Article 2.2 (k) (Disclaimer); Articles 3.5 and 3.6 (Limitation of Liability); Article 6 (Limitation of Liability, Lapse, Suspension of the Service); Article 7 (Cease of Effect of the Agreement); Article 8 (Termination); Article 9.2 (No Assignment); Article 10 (Governing law); Article 11 (Disputes).

The Contracting Party

.....

Rome, (*date*)



Annex C

Bank Guarantee

Bank Guarantee
under Article 55, para. 55.1 of the Natural-Gas Market Rules

Gestore dei Mercati Energetici S.p.A
Viale Maresciallo Pilsudski 122-124,
00197 Rome, Italy

(place) ..., (date) ...

Bank guarantee (ref. no. ...)

The Bank ..., branch of ..., with registered office in ..., taxpayer's code ..., VAT number ..., listed at no. ... of the Register of Companies (*Registro delle Imprese*) and at no. ... of the Register of Banks (*Albo delle Banche*), capital stock Euro ..., represented by its legal representatives ... (hereafter the "Bank"),

WHEREAS

- ... (surname and name/company name or registered name), ... (date and place of birth), ... (place of residence and, if different, domicile/registered office)
taxpayer's code.....,VAT number ...
capital stock Euro ..., of which ... (subscribed), of which ... (paid-up), registered with (hereafter "Market Participant" or "Applicant"), is a Gas Market Participant included in the Register of Market Participants pursuant to Article 17 of the Natural-Gas Market Rules (hereafter the "Rules"), approved under art. 30, para. 1 of Law 99/09 by the Minister of Economic Development with his Decree of 6 March 2013, as subsequently amended and supplemented, and fully superseding - under the Decree of 9 August 2013 - the provisions of the Gas Market Rules, approved under art. 30, para. 2 of Law 99/09 by the Ministry of Economic Development after hearing the opinion of *Autorità per l'energia elettrica e il gas* (AEEG – the electricity & gas regulator) on 26 November 2010, as subsequently amended and supplemented; by signing the Market Participation Agreement on.....,(date), the Market Participant has acquired all the financial obligations towards *Gestore dei Mercati Energetici S.p.A.* (hereafter "GME") arising in the Spot Gas Market and in the Forward Gas Market (hereafter jointly defined as the "Gas Market");
- as per Article 55, para. 55.1 of the Rules, for the purpose of submitting adequate bids/offers into the Gas Market, Market Participants may post a bank guarantee issued by banks meeting the requirements specified in the same Article 55, para. 55.1;
- the above-mentioned bank guarantee shall be submitted to the bank in charge of GME's treasury services (as set forth in Article 54 of the Rules), which shall verify the bank guarantee;
- the Market Participant has submitted a formal request for the above-mentioned bank guarantee for a maximum amount of Euro ... to cover all prior and future obligations towards GME in connection with his/her/its participation in the Market, in whatever form (including accessory obligations), except those arising from failure to pay the fees and the contribution referred to in Article 7, para. 7.1 and Article 8 of the Rules, respectively (hereafter "prior and future obligations");
- "prior obligations" shall mean all those obligations - even if they are not yet liquid and/or payable - that have already been acquired at the time of effect of this bank guarantee; "future obligations" shall mean all those obligations acquired after such time.

NOW, THEREFORE,

the Bank issues this guarantee in favour of GME on the terms and conditions indicated below and, anyway, in accordance with the Rules.

Article 1
(Validity and effect of the bank guarantee)

The bank guarantee shall be valid and effective from ... and not subject to any condition, unless the verification conducted by the bank in charge of GME's treasury services under Article 55, para. 55.6 of the Rules has had a negative outcome.

Article 2
(Waiver of preventative redemption)

The Bank shall - irrevocably and formally waiving the benefit of preventative redemption as specified in article 1944 of the Italian Civil Code - guarantee the fulfilment of all of the Market Participant's "prior obligations" and "future obligations" towards GME arising from participation in the Gas Market.

Article 3
(No assessment of the Market Participant's credit worthiness)

The Bank acknowledges and declares that, as the obligations mentioned in Article 2 above arise from participation in the Gas Market, they do not involve GME's prior assessment of the Market Participant's credit worthiness, without prejudice to the fact that this letter also represents a special authorisation granted by the Bank to GME for the purposes and effects of article 1956 of the Italian Civil Code.

Article 4
(Substitution in the bank guarantees over time)

If GME is guaranteed by other guarantees that the Market Participant has previously posted in favour of GME to cover obligations acquired in the Gas Market, this bank guarantee may substitute the previous guarantees, provided that: i) it is posted for an amount at least equal to the amount of the "prior obligations"; and ii) the Market Participant submits an appropriate application to GME and to the bank in charge of its treasury services upon the submission of this bank guarantee. The substitution shall thus relieve the previous issuing bank of its obligations.

Otherwise, this bank guarantee shall not impair the validity and effect of the previous guarantees. In this case, the prior guarantees and this bank guarantee issued to GME shall merely cumulate, without relieving the guarantors of their obligations, without prejudice to the fact that GME may preventatively redeem the prior guarantees. Moreover, this bank guarantee shall cover the "prior obligations" and the "future obligations" even in case of guarantees preceding this bank guarantee.

Article 5
(Extension of the Bank's liability)

Without prejudice to the provisions of Article 1 above, where the Bank loses one of the qualifications required by the applicable legislation and by the Rules for issuing and maintaining the bank guarantees referred to in Article 55 of the Rules, the Bank shall continue to be liable for all the obligations acquired by the Market Participant until that time and until the same Market Participant replaces this bank guarantee with another appropriate guarantee.

Article 6
(First-demand payment)

As an effect of the provisions of Article 2 above, the Bank shall - irrevocably and without delay - pay any amount, without examining the reasons for the request for payment and without raising any exception and/or objection and in spite of any exception, complaint or objection made by the Market Participant and/or third parties (including other guarantors of the same Market Participant) in connection therewith, upon the submission of a mere written request by GME, up to a maximum total amount of Euro ...

Article 7
(Modalities of payment by the Bank)

After receiving the request referred to in Article 6 above, to be sent by registered letter with return receipt, preceded by a fax to fax no... or by e-mail with acknowledgement of receipt, the Bank shall pay the amount in Euro indicated in the request for payment within ten days of the date of receipt of the registered letter with

return receipt and with value date on the same day, by means of Sepa Credit Transfer con Priority (ex BIR) or equivalent procedures. Where the date of payment falls on a holiday, the deadline shall be postponed to the following first working day.

Article 8
(Derogation from the provisions of article 1957 of the Italian Civil Code)

The Bank hereby explicitly relieves GME of the obligation to act in accordance with the provisions of article 1957 of the Italian Civil Code, without prejudice to the fact that, by way of derogation from such Article, the Bank shall remain bound by its obligations, even if GME has not submitted a request to the Market Participant or has not diligently persisted in such request.

Article 9
(Partial redemption)

This guarantee may also be partially redeemed, but it shall remain valid and effective for the residual amount.

Article 10
(Autonomy of the bank guarantee)

By way of derogation from article 1939 of the Italian Civil Code, this guarantee shall be valid and effective even if the Market Participant's principal obligation towards GME is declared invalid or ineffective or if it is modified in any form, even unilaterally only, by GME.

Article 11
(Waiver of the rights covered by articles 1945, 1947 and 1955 of the Italian Civil Code)

The Bank hereby explicitly and irrevocably waives its rights in accordance with articles 1945, 1947 and 1955 of the Italian Civil Code.

Article 12
(Waiver of claims or actions)

The Bank explicitly waives any defence, exception, right to compensation, claim or action towards GME in connection with the obligations arising herefrom, including but not limited to any defence, exception, compensation, claim or action that the Applicant may in any way institute against GME.

Article 13
(Delegation of the rights covered by this bank guarantee)

The Bank hereby accepts that GME's rights of redemption of this guarantee be exercised by GME or a party specially authorised in writing by GME.

Article 14
(Waiver of the bank guarantee by GME)

GME may at any time and in its sole judgement waive this bank guarantee, by notifying the Bank and the Market Participant thereof and with effect from 24:00 of the working day on which the Bank receives such notification. In this case, the Bank shall be liable for all the obligations acquired by the Market Participant until that time.

Article 15
(Unilateral withdrawal by the Bank)

The Bank may withdraw from this bank guarantee, by notifying GME and the bank in charge of GME's treasury services thereof by registered letter with return receipt. The withdrawal from the bank guarantee shall have effect and the bank guarantee shall cease ten days after receipt of the notification by GME.

Article 16
(Effects of the withdrawal)

GME shall notify the Bank of the amount of obligations, even if they are not yet liquid and/or payable, contracted until the time of effect of the withdrawal, specifying the related reference period.
The bank shall be liable for all obligations, even if they are not yet liquid and/or payable, contracted until the time of effect of the withdrawal, if the Market Participant does not submit to GME a guarantee to cover such obligations.

Article 17
(Notifications)

Without prejudice to the provisions of Article 7 above, all communications or notifications shall be made by registered letter with return receipt or by e-mail with acknowledgment of receipt or by fax to the following addresses:

.... (*surname and name/company name or registered name*), ...(*address*)
e-mail address ... fax number

Communications or notifications shall be deemed to have been received upon their arrival at the receiver's address, if sent by registered letter with return receipt, or upon the date of acknowledgement of receipt, if sent by e-mail, or upon the date of the message of confirmation, if sent by fax.

Article 18
(Jurisdiction)

The Court of Rome shall have exclusive jurisdiction over any dispute arising herefrom.

Registered Name of the Bank
Signatures of its Proxy Holders

For the purposes and effects of articles 1341 and 1342 of the Italian Civil Code, the Bank hereby specifically approves the clauses and conditions specified in Articles 2 (*Waiver of preventative redemption*), 4 (*Substitution in the bank guarantees over time*), 5 (*Extension of the Bank's liability*), 6 (*First-demand payment*), 8 (*Derogation from the provisions of Article 1957 of the Italian Civil Code*), 9 (*Partial redemption*), 10 (*Autonomy of the bank guarantee*), 11 (*Waiver of the rights specified in Articles 1945, 1947 and 1955 of the Italian Civil Code*), 12 (*Waiver of claims or actions*) and 18 (*Jurisdiction*) of this bank guarantee.

The Bank

N.B.: the signatures of the proxy holders shall be certified in accordance with the applicable legislation.



Annex D

Updating of the Bank Guarantee

**Letter for Updating the Bank Guarantee
under Article 56, para 56.2 of the Natural-Gas Market Rules**

Gestore dei Mercati Energetici S.p.A
Viale Maresciallo Pilsudski 122-124,
00197 Rome, Italy

(place) ... (date) ...

Letter updating the bank guarantee issued on ... , ref. no. ...

The Bank ..., branch of ..., with registered office in ..., taxpayer's code ..., VAT number ..., listed at no. of the Register of Companies (*Registro delle Imprese*) and at no.of the Register of Banks (*Albo delle banche*), with capital stock of Euro ..., represented by its legal representatives ... (hereafter the "Bank"),

GRANTS

to ...(*Market Participant*)

the modification of the maximum amount guaranteed by the bank guarantee issued on ..., ref. no. ..., with effect from ...(date). As a result, the amount guaranteed by the aforesaid bank guarantee shall be equal to Euro ...

The terms and conditions stated in the bank guarantee letter issued on ... , ref. no. ..., shall remain valid.

Registered Name of the Bank
Signatures of its Proxy Holders

N.B.: the signatures of the proxy holders shall be certified in accordance with the applicable legislation.