



**REGULATIONS OF THE PLATFORM FOR
THE TRADING OF BIDS/OFFERS OF NATURAL GAS (P-GAS) (*)**

*Approved by the Ministry of Economic Development on 23 April 2010,
as subsequently amended and supplemented*

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

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TITLE I GENERAL PROVISIONS

Article 1

Text and Annexes

- 1.1 These Regulations and the documents attached hereto, which are an integral and essential part hereof, shall govern the organisation and operation of the natural gas trading platform, referred to in the Decree of the Minister of Economic Development of 18 March 2010 (hereafter called "P-GAS").

Article 2

Definitions

- 2.1 In these Regulations:

- a) **AEEG** shall mean Autorità di Regolazione per Energia, Reti e Ambiente (Regulatory Authority for Energy, Networks and Environment), which was established in compliance with Law no. 481 of 14 November 1995;
- b) **AEEG's Decision ARG/gas 193/10** shall mean the decision adopted by AEEG on 4 November 2010 – ARG/gas 193/10 – regarding *determination of the measures and fees referred to in Articles 9 and 10 of Legislative Decree no. 130 of 13 August 2010*, as subsequently amended and supplemented;
- c) **Auction shall mean the platform** of the Royalties' Segment of the P-GAS which operates under the auction trading mechanism and which is reserved – on the supply offer side – to selling Participants holding exploitation leases;
- d) **Auction Trading** shall mean a mechanism of trading which *involves* the submission, change and cancellation of trading orders within a given time interval, with a view to concluding contracts at a single future time and at a single price;
- e) **Bid/Offer** shall mean a demand bid or supply offer or purchase or sale order that Participants enter into the order book or the auctions of the P-GAS and that contains the necessary data for posting and execution;

- f) **Buying Participant** shall mean a P-GAS Participant who may submit demand bids only;
- g) **Continuous Trading** shall mean the mechanism of trading based on the automatic matching of demand bids and supply offers or purchase orders and sale orders, with continuous entry of new bids/offers or orders during the trading sessions;
- h) **Exclusion from the P-GAS** shall mean the definitive loss of the status of Participant;
- i) **GME** shall mean *Gestore dei Mercati Energetici S.p.A.*, the company (*società per azioni*) which is vested, among others, with the economic management of the electricity market under Article 5 of Legislative Decree 79/99, the economic management of the natural gas market under Article 30 of Law no. 99 of 23 July 2009, as well as the management of the P-GAS under the Ministerial Decree of 18 March 2010;
- j) **GSE** shall mean *Gestore dei servizi energetici – GSE S.p.A.*, the company (*società per azioni*) which was established under Article 3, para. 4 of Legislative Decree 79/99 and Article 1, para. 1 a), b) and c) and para. 3 of the Decree of the President of the Council of Ministers of 11 May 2004, published in *Gazzetta Ufficiale, Serie Generale* no. 115 of 18 May 2004 and which is vested, among others, with the provision of the services referred to in Article 9, para. 2 of Legislative Decree 130/10;
- k) **Holder of the Exploitation Lease** shall mean a party to whom the Ministry of Economic Development has granted the lease (*concessione*) for production of gaseous hydrocarbons under Article 9 of Law no. 10 of 9 January 1991, as amended by Article 1, para. 82-ter of Law 239/2004, and of Article 27, para. 34 of Law 99/2009, and who is required to sell the royalties on the production of gas reserved to the State under Law-Decree 7/07;
- l) **Importer** shall mean the party to which the Ministry of Economic Development has granted authorisations to import gas produced in countries not belonging to the European Union under Article 3 of Legislative Decree 164/00, and who is required to offer quotas of imported gas under Law no. 40 of 2 April 2007;
- m) **Imports** shall mean the quantities of gas owed under Article 11, para. 2 of Law 40/07;

- n) **Imports' Segment** of the P-GAS shall mean the segment of the P-GAS which is dedicated to the trading of the gas quotas referred to in Article 23, paras. 23.2 and 23.4 hereof; this segment consists of order books, each corresponding to each of the contracts which may be traded by the selling Participant;
- o) **Law 40/07** shall mean Law no. 40 of 2 April 2007 (*conversion into law, with amendments, of Law-Decree no. 7 of 31 January 2007 on urgent measures for consumer protection, promotion of competition, development of economic activities and creation of new companies*);
- p) **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*;
- q) **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;
- r) **Legislative Decree 130/10** shall mean Legislative Decree no. 130 of 13 August 2010 regarding *measures to increase competitiveness in the natural gas market and to transfer the resulting benefits to final customers* under Article 30, paras. 6 and 7 of Law no. 99 of 23 July 2009, published in *Gazzetta Ufficiale* no. 192 of 18 August 2010 – *Supplemento Ordinario* no. 195;
- s) **Ministerial Decree of 18 March 2010** shall mean the Decree of the Minister of Economic Development of 18 March 2010 concerning the procedure under which importers shall fulfil the obligation referred to in Article 11, para. 2 of Law-Decree 7/07, as a result of the provisions of Article 30, para. 2 of Law 99/09;
- t) **Order Book** shall mean the on-line summary, where the trading orders entered by Participants into the information system of the Imports' Segment and of the Segment referred to in Legislative Decree 130/10 of the P-GAS are listed and ranked by price and time of entry;
- u) **Participant** shall mean an individual or an organisation admitted to trading on the P-GAS;
- v) **Participant's Identification Code** shall mean the alphanumeric code which uniquely identifies a Participant in view of participation in the P-GAS;

- w) **Participating Investor** shall mean the party referred to in Article 5, para. 1 b) 1) and 3) of Legislative Decree 130/10 who has asked GSE to benefit from the physical transitory measures covered by AEEG's Decision ARG/GAS 193/10;
- x) **P-GAS** shall mean the platform, organised and managed by GME, for the trading of natural gas bids/offers and consisting of the Imports' Segment, of the Royalties' Segment and of the Segment referred to in Legislative Decree 130/10;
- y) **Physical transitory measures** shall mean the measures referred to in Article 9 of Legislative Decree 130/10 and set out in AEEG's Decision ARG/gas 193/10;
- z) **PSV** shall mean *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 integrated, organised and managed by *Snam Rete Gas*;
- bb) **PSV User** shall mean a party authorised to operate at the PSV;
- cc) **Reference Price** shall mean the average price per GJ or per MWh, weighted for the related quantities, of all transactions executed during a session of the Imports' Segment or of the Segment referred to in Legislative Decree 130/10 of the P-GAS;
- dd) **Royalties** shall mean the royalties on the product of natural gas fields owed to the State that each holder of leases for exploitation of gaseous hydrocarbons is held to pay to the State every year under Article 19, para. 1 of Legislative Decree 625/96, as amended by Article 1, paras. 93, 94 and 95 of Law 239/2004 and supplemented by Article 45, para. 1 of Law 99/09;
- ee) **Royalties' Segment of the P-GAS** shall mean the segment of the P-GAS which is dedicated to the trading of the gas quotas referred to in Article 22, para. 22.3 hereof; this segment consists of trading auctions, each corresponding to each of the contracts which may be traded by the selling Participant who holds the exploitation lease;

- ff) **Segment referred to in Legislative Decree 130/10** shall mean the segment of the P-GAS dedicated to the trading of the quantities of gas referred to in Article 23, para. 23.5 hereof; this segment consists of order books, each corresponding to each of the contracts that the selling Participant may trade;
- gg) **Segments** shall mean the Imports' Segment, the Royalties' Segment and the Segment referred to in Legislative Decree 130/10;
- hh) **Selling Participant** shall mean a P-GAS Participant who has submitted to GME the documents required to acquire such status and who may enter both supply offers into the order books or the auctions for which he/she is authorised and demand bids for quantities of gas offered by other sellers in accordance herewith;
- ii) **Session of the P-GAS** shall mean the set of activities directly connected with receiving and managing bids/offers and determining the corresponding results of the P-GAS;
- jj) **Sitting of the Royalties' Segment of the P-GAS** shall mean the time interval within which bids/offers shall be received in order to be considered as valid;
- kk) **Snam Rete Gas** shall mean *Snam Rete Gas S.p.A.*, a company established on 15 November 2000 which carries out activities of transport and dispatching of natural gas and which organises and manages the PSV system under AEEG's Decision 22/04, as subsequently amended and supplemented;
- ll) **Suspension of the P-GAS Participant** shall mean the temporary prohibition for a P-GAS Participant to submit bids/offers into the P-GAS;
- mm) **Terms and Conditions of Supply** shall mean the terms and conditions which are set out in the gas supply and/or purchase/sale contract and in the related documents, if any, and which are applied by the selling Participant, including preliminary contract requirements or obligations;
- nn) **Valid Bid/Offer** shall mean a bid/offer submitted in accordance with the procedures and within the time limits indicated herein;
- oo) **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 These Regulations

- 3.1 GME shall exercise its functions in a transparent and non-discriminatory way.
- 3.2 GME shall put in place an organisational structure suitable for preventing real or potential conflicts of interest and use procedures for monitoring compliance with both these Regulations and the Technical Rules.
- 3.3 In their activities on the P-GAS, Participants are required to conform to common principles of correctness and good faith.
- 3.4 GME shall propose amendments hereto and submit them - together with their rationale - to the approval of the Ministry of Economic Development, which shall decide after seeking the opinion of AEEG.
- 3.5 The procedure referred to in para. 3.4 above shall not apply to urgent amendments to the Regulations which have the purpose of safeguarding the proper operation of the P-GAS. Any such amendment proposed by GME shall have effect as of the date of its publication on GME's website and shall be promptly submitted to the approval of the Ministry of Economic Development, which shall decide after seeking the opinion of AEEG. In case of non-approval, the amendment shall cease to have effect as of the date of notification of the Ministry's decision to GME. GME shall timely notify the outcome of the approval procedure to Participants by posting it on its website.

Article 4

Technical Rules

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

Article 5

Units of Measurement and Rounding off

- 5.1 For the purposes hereof:
- a) for the natural gas quantities traded in the Imports' and Royalties' Segments, the unit of measurement shall be the GJ;
 - b) for the natural gas quantities traded in the Segment referred to in Legislative Decree 130/10, the unit of measurement shall be the MWh;
 - c) for monetary quantities, the unit of measurement shall be the euro, specified with two decimals;
 - c) for the unit prices of the contracts traded in the Imports' and Royalties' Segments, the unit of measurement shall be the cent of euro/GJ, specified with four decimals;
 - d) for the unit prices of the contracts traded in the Segment referred to in Legislative Decree 130/10, the unit of measurement shall be the euro/MWh, specified with three decimals.
- 5.2 For the purposes of the P-GAS, all 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 half-way, they shall be rounded up.

Article 6
Access to the Information System

- 6.1 Access to GME's information system shall take place through the Internet under the procedures and within the time limits defined in the Technical Rules or under additional modalities, if any, defined therein.

Article 7
Fees for Services Provided by GME

- 7.1 For the service provided by GME, P-GAS Participants shall pay GME the following fees:
- a) access fee;
 - b) yearly fixed fee;
 - c) trading fee;
 - d) clearing fee.
- 7.2 GME shall determine the extent of the fees, mentioned in para. 7.1 above, in such a way as to ensure its economic and financial equilibrium and it shall post it on its website. The amount of the fees shall be equal to:
- a) 0 euro for the fee mentioned in para. 7.1 a) above;
 - b) 0 euro for the fee mentioned in para. 7.1 b) above;
 - c) 0.0025 euro/GJ for the Imports' and Royalties' Segments and 0.009 €/MWh for the Segment referred to in Legislative Decree 130/10 for the fee mentioned in para. 7.1 c) above;
 - d) 0 euro/GJ for the Imports' and Royalties' Segments and 0 euro/MWh for the Segment referred to in Legislative Decree 130/10 for the fee mentioned in para. 7.1 d) above.

Article 8
Invoicing of Fees

- 8.1 GME shall issue an invoice for the access fee, mentioned in Article 7, para. 7.1 a) above, within five days from admission of the Participant to the P-GAS, adding VAT where applicable.
- 8.2 GME shall issue an invoice for the yearly fixed fee, mentioned in Article 7, para. 7.1 b) above, in accordance with the modalities and within the time limits indicated in the Technical Rules, adding VAT where applicable.
- 8.3 GME shall issue invoices to each Participant for the fees mentioned in Article 7, paras. 7.1 c) and d) above, in accordance with the modalities defined in the Technical Rules.

Article 9
Payment of Fees

- 9.1 Participants shall pay the amounts mentioned in Article 8 above in accordance with the modalities and within the time limits defined in the Technical Rules.

Article 10
Information on the P-GAS

- 10.1 The aggregated P-GAS data and results shall be of public domain and posted on GME's website. Each Participant shall have access to the P-GAS data and information that directly concern him/her.
- 10.2 Unless laws, regulations or other instruments issued by authorities require the disclosure of information, GME shall hold the information about transactions made on the P-GAS confidential.

Article 11

Communication and Publication of Data and Information

- 11.1 Unless otherwise specified, the data and information covered hereby shall be communicated and published with electronic means. In particular:
- a) communication to a Participant shall take place by making available data and information in the section of GME's information system whose access is restricted to the same 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.
- 11.2 Bids/offers submitted by Participants shall be deemed to have been received on the date and at the time recorded by GME's information system.
- Any other communication shall be deemed to have been 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.
- 11.3 For 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 12

Security of Access

- 12.1 Participants shall have access to the P-GAS through special procedures, which shall be defined in the Technical Rules. Such procedures shall guarantee the identification of Participants and authenticate their transactions.

12.2 Participants shall treat their access codes and any other data or device required to access the P-GAS information system as confidential.

**TITLE II ADMISSION TO
THE P-GAS**

Article 13

Requirements for Participation in the P-GAS

- 13.1 Parties applying for admission to the P-GAS shall:
- a) 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;
 - b) be authorised to operate at the PSV.

Article 14

P-GAS Participation Application and Participation Agreement

- 14.1 A party intending to participate in the P-GAS shall submit to GME (in accordance with the procedures and within the time limits established in the Technical Rules):
- a) a P-GAS participation application (*Domanda di ammissione*) in the format enclosed hereto (Annex 1), together with the documents indicated in Article 15 below;
 - b) a signed copy of the market participation agreement (*Contratto di adesione*) in the format enclosed hereto (Annex 2).

Article 15

Documents to Be Enclosed to the P-GAS Participation Application

- 15.1 If the party applying for participation in the P-GAS is an organisation, the P-GAS participation application shall be signed by the legal representative or other duly authorised person of the organisation and be accompanied by:

- a) a declaration under 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;
- b) a declaration under Decree no. 445 of the President of the Republic of 28 December 2000 or other equivalent documents, signed by the legal representative or other duly authorised person of the organisation and certifying that he/she is authorised to operate at the PSV.

15.2 If the party applying for participation in the P-GAS is an individual, the P-GAS participation application shall be accompanied by a declaration under Decree no. 445 of the President of the Republic of 28 December 2000 or other equivalent documents, certifying that he/she is authorised to operate at the PSV.

15.3 If the documents referred to in paras. 15.1 and 15.2 above are already held by GME, the applicant shall be exempted from submitting them, but he/she shall submit a declaration indicating this fact, specifying the date when the documents have been originally presented to GME and certifying that the content of such documents is still current.

Article 16

Admission Procedure

16.1 GME shall notify the applicant of his/her admission or of the rejection of his/her application (with the reasons for the rejection) within fifteen calendar days from receipt of the application, after checking the regularity of the submitted documents. Such notification shall be made in accordance with the modalities and time limits that are defined in the Technical Rules.

16.2 For the purpose of checking the fulfilment of the requirements referred to in Article 13 above, GME may ask the applicant to provide appropriate documents.

16.3 In the 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 shall do so. Such notification shall suspend the time limit referred to in para. 16.1 above, which shall run again from the date upon which GME receives the completed or regularised documents.

16.4 Upon admission, the applicant shall acquire the status of Participant.

Article 17

Register of P-GAS Participants

17.1 The parties admitted to the P-GAS as per Article 16 above shall be entered into an appropriate Register of P-GAS Participants (*Elenco degli operatori ammessi alla P-GAS*). 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 shall include the following data for each P-GAS Participant:

- a) identification code of the Participant, assigned by GME;
- b) full name, registered name or company 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 number, e-mail address, the contact person for communications and the related address;
- c) status of the Participant: admitted, active, suspended, pending request for exclusion, excluded;
- d) taxation scheme applicable to the Participant;
- e) status of the Participant: selling Participant, with specification of the Segment (Imports' Segment, Royalties' Segment, Segment referred to in Legislative Decree 130/10) or buying Participant.

17.3 GME shall publish the following data and information about the Participants admitted to the P-GAS:

- a) full name or registered name;
- b) place of residence or registered office;

- c) status of the Participant: selling Participant, with specification of the Segment (Imports' Segment, Royalties' Segment, Segment referred to in Legislative Decree 130/10) or buying Participant.

17.4 Each Participant may access his/her own data and information contained in the Register of P-GAS Participants.

Article 18

Data and Information for Participation in the P-GAS

- 18.1 To acquire the status of selling Participant in one or more Segments under Article 17, para. 17.2 e) above, the Participant shall - under the modalities and within the time limits defined in the Technical Rules - submit to GME the terms and conditions of supply applicable in the above Segments and specify the Segment and the products to which such terms and conditions of supply refer. Failing the submission of such terms and conditions of supply, GME shall assign the status of buying Participant to the Participant.
- 18.2 If a Participant has already acquired the status of selling Participant in one or more Segments of the P-GAS and wishes to acquire the status of selling Participant also in the remaining Segments, he/she shall - under the modalities and within the time limits defined in the Technical Rules - submit to GME the terms and conditions of supply applicable in the aforesaid remaining Segments.
- 18.3 After receiving the terms and conditions of supply referred to in paras. 18.1 and 18.2 above, GME shall update the Register of P-GAS Participants. This modification shall take effect within the second working day following receipt of the request by GME.
- 18.4 When requesting the entry of data and information referred to in Article 17, para. 17.2 d) above, the applicant shall enclose a declaration concerning his/her VAT scheme, in accordance with the provisions of the Technical Rules. GME shall update the Register of P-GAS Participants referred to in Article 17 above under the modalities and within the time limits defined in the Technical Rules.

- 18.5 After submitting the terms and conditions of supply referred to in paras. 18.1 and 18.2 above, the selling Participant shall:
- a) be authorised to submit supply offers only in respect of the contracts traded on the P-GAS to which the terms and conditions of supply refer. The Participant may communicate terms and conditions of supply distinguished according to the duration of the delivery period;
 - b) authorise GME to publish the terms and conditions of supply on its website as well as in the P-GAS information system.
- 18.6 If the selling Participant wishes to modify the terms and conditions of supply previously submitted to and published by GME, he/she shall - under the procedures and within the time limits defined in the Technical Rules - communicate the new terms and conditions of supply. The new terms and conditions shall only apply to the new contracts traded on the P-GAS beginning on the thirtieth calendar day after the date on which the Participant has submitted to GME the new terms and conditions of supply. The terms and conditions of supply previously submitted to GME shall continue to be applied to the other contracts traded on the P-GAS.
- 18.7 If the selling Participant has modified the terms and conditions of supply under para. 18.6 above, Participants wishing to submit demand bids in respect of contracts to which the new terms and conditions of supply apply shall submit to the selling Participant a new application for authorisation under Article 23, para. 23.13 below.

Article 19

Verifications

- 19.1 GME shall monitor compliance with the Regulations and Technical Rules with a view to ensuring the proper operation of the P-GAS under principles of neutrality, transparency, objectivity and competition between Participants. To this end, GME may request information or documents concerning the transactions carried out by Participants on the P-GAS and also convene them for a hearing.

Article 20
Notification Obligations

- 20.1 Participants shall notify GME promptly - and anyway within three working days - of the 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), d) and e) above, that they have declared and that have been entered into the Register of P-GAS Participants.
- 20.2 GME shall update the Register of P-GAS Participants taking into account the notifications mentioned in para. 20.1 above.

Article 21
Exclusion from the P-GAS on Request

- 21.1 For the purposes of exclusion from the P-GAS, Participants shall – under the modalities and within the time limits defined in the Technical Rules – deliver or send to GME an appropriate written request, indicating the date from which exclusion is requested.
- 21.2 Exclusion from the P-GAS on request shall run from the later of the following dates:
- a) the second working day after GME’s receipt of the request referred to in para. 21.1 above;
 - b) the date indicated in the request referred to in para. 21.1 above.
- 21.3 The exclusion from the P-GAS on request shall not exempt the Participant from fulfilling obligations arising from commitments made on the P-GAS and from paying the fees referred to in Article 7.
- 21.4 During the period of suspension from the P-GAS, the Market Participant cannot request its exclusion under this Article 21.

TITLE III OPERATION OF THE P-GAS

Article 22

Purpose of the P-GAS

22.1 The P-GAS is the platform where:

- a) the royalties on the product of the exploitation of gas fields owed to the State, as well as the quotas of imported gas referred to in Article 11, paras. 1 and 2 of Law no. 40 of 2 April 2007 (*conversion into law, with amendments, of Law-Decree no. 7 of 31 January 2007 on urgent measures for consumer protection, promotion of competition, development of economic activities and creation of new companies*) are required to be bid;
- b) additional quantities of gas, offered by parties other than those subject to the obligations of Article 11, paras. 1 and 2 of the above-mentioned Law 40/07, may be traded;
- c) quantities of gas, in respect of which participating investors have asked GSE to benefit from physical transitory measures, may be traded.

Article 23

Structure of the P-GAS

23.1 The P-GAS shall consist of the Imports' Segment, of the Royalties' Segment and of the Segment referred to in Legislative Decree 130/10.

23.2 In the Imports' Segment, quantities of imported natural gas are traded.

23.3 In the Royalties' Segment, quantities of natural gas royalties are traded.

23.4 In the Imports' Segment, additional gas quotas, other than those mentioned in paras. 23.2 and 23.3 above, may also be traded.

23.5 In the Segment referred to in Legislative Decree 130/10, quantities of gas in respect of physical transitory measures are traded.

- 23.6 In the Imports' Segment, GME shall organise an order book for each of the contracts referred to in Article 24 below and for each of the selling Participants referred to in para. 23.9 below.
- 23.7 In the Royalties' segment, GME shall organise a trading auction for each of the contracts mentioned in Article 24 below and for each of the selling Participants referred to in para. 23.9 below.
- 23.8 In the Segment referred to in Legislative Decree 130/10, GME shall organise an order book for each contract mentioned in Article 24 below and for each selling Participant mentioned in para. 23.9 below.
- 23.9 Selling Participants shall be authorised to access the P-GAS and enter supply offers only into the order book of the Imports' Segment or of the Segment referred to in Legislative Decree 130/10 reserved to them as per para. 23.6 and 23.8 above, or to submit supply offers only for the auctions of the Royalties' Segment reserved to them under para. 23.7 above.
- 23.10 The minimum tradable quantity is equal to 1 (one) contract, as defined in Article 24 below.
- 23.11 Each Participant shall be authorised to access and display all the order books and to access the auctions.
- 23.12 Each Participant shall be authorised to submit demand bids into the P-GAS only in respect of the order books or auctions reserved to the selling Participants with whom he/she is authorised to conclude transactions under para. 23.13 below. The selling Participant shall not enter demand bids into the order books or trading auctions reserved to him/her.
- 23.13 To be authorised to enter demand bids into the order book or auction of a selling Participant, the Participant shall - through the P-GAS - submit an application to the selling Participant in order to be authorised to enter bids/offers into the related order book or auction - and such request shall have been accepted by the selling Participant - under the modalities and within the

time limits indicated in the Technical Rules. A Participant shall not enter demand bids into the order book or auction of a selling Participant, if he/she has not been authorised to do so. Both the selling Participant and the buying Participant may revoke the authorisation under the modalities and within the time limits indicated in the Technical Rules.

23.14 In the authorisation application covered by para. 23.13 above, the Participant shall declare that he/she is aware of and unconditionally accepts the selling Participant's terms and conditions of supply.

23.15 In the transactions concluded on the P-GAS, GME shall not be the counterparty of Participants.

23.16 If the selling Participant rejects the application for authorisation to access his/her own order book or auction submitted by a Participant, GME shall - at the request of the latter Participant - notify the rejection to AEEG, which shall carry out the verifications falling under its responsibility, under the modalities indicated in the Technical Rules.

Article 24

Tradable contracts

24.1 In each P-GAS session, contracts for quantities (as defined in Annex 3 hereto) with the following delivery periods may be traded:

- a) monthly and yearly in the Imports' Segment;
- b) monthly in the Royalties' Segment;
- c) monthly and half-yearly in the Segment referred to in Legislative Decree 130/10.

24.2 GME shall post the contracts tradable in each session on its website.

Article 25

P-GAS Sessions

25.1 The P-GAS sessions shall take place from Monday to Friday, except on the days posted by GME on its website. The sessions of the Imports' Segment and of the

Segment referred to in Legislative Decree 130/10 shall be held from 9:30 to 14:00. The sittings of the Royalties' Segment shall be held from 9:30 to 14:00. The results of the auctions of the Royalties' Segment shall be defined after the closing of the related sitting.

Article 26
Binding Transactions

26.1 The transactions concluded on the P-GAS in accordance with the provisions of Sections I and II below shall be definitive and binding between the contracting Participants.

26.2 By concluding a transaction on the P-GAS:

- a) the selling Participant shall irrevocably accept to sell and deliver the quantities of gas covered by the transactions executed on the terms and conditions which are published under Article 18, para. 18.5 b) above;
- b) the buying Participant shall irrevocably accept to buy, guarantee and settle the payments of the quantities of gas covered by the transactions executed on the terms and conditions of supply which are published under Article 18, para. 18.5 b) above.

Article 27
Emergency Procedure

27.1 Emergency conditions shall be the following:

- a) the case where GME is not able to receive the bids/offers submitted by Participants according to the modalities referred to in Article 26 above, due to malfunctioning of its information system or telecommunications systems;
- b) the case where GME is not able to determine the results of a P-GAS session due to, among others, malfunctioning of its information system;
- c) the case where GME is not able to communicate the results of a P-GAS session to Participants due to, among others, malfunctioning of its information system or telecommunication systems.

27.2 If the cases referred to in para. 27.1 above arise, GME shall - in accordance with the modalities stated in the Technical Rules - notify Participants of the occurrence of the emergency condition.

27.3 If the cases referred to in para. 27.1 above arise, GME shall not be liable for damages, if any, to Participants.

Article 28

Operation of the P-GAS Information System

28.1 GME may suspend, postpone or close in advance a P-GAS session in case of technical malfunctioning of the P-GAS information system. In these cases, GME shall not be liable for damages, if any, to Participants.

28.2 With a view to safeguarding the proper technical operation and ensuring an efficient use of the P-GAS information system, GME may impose limits to the entry, cancellation and change of bids/offers, as well as to the number of logons of each Participant or of specific categories of Participants to the P-GAS information system.

SECTION I
OPERATION OF THE IMPORTS' SEGMENT

Article 29
Trading

29.1 In the Imports' Segment, the trading of the quotas referred to in Article 23, paras. 23.2 and 23.4 above shall be continuous, as set forth in this Section.

Article 30
Bids/offers

30.1 Bids/offers shall be entered in accordance with the procedures defined in Annex 3 hereto and contain at least the following data:

- a) number of contracts;
- b) type of transaction (purchase or sale);
- c) unit price;
- d) mode of execution of the bids/offers referred to in Article 31 below.

30.2 Participants may also submit bids/offers without a price limit.

30.3 Participants shall not:

- a) submit bids/offers with a price limit equal to zero or with a negative price limit;
- b) submit demand bids or supply offers without a price limit, if supply offers or demand bids with a price limit are not present in the order book, respectively.

30.4 In each order book, demand bids shall be ranked by decreasing price and supply offers by increasing price. If bids/offers have the same price, they shall be ranked by time of entry. Bids/offers without a price limit shall have the maximum price priority.

- 30.5 During the session, Participants may change or cancel the bids/offers that have not yet been matched. The changed bids/offers shall lose the time priority that that they have previously acquired.
- 30.6 Demand bids shall be posted in the order book without specifying the proposing Participant, thereby ensuring his/her anonymity.

Article 31

Execution of Bids/Offers

- 31.1 Participants may submit bids/offers, which shall remain valid - based on their indications - until cancellation also for the following sessions in which the same contract is negotiated. Each bid/offer shall be executed in full or in part for the available quantities and at the price specified by the Participant. The possibly unexecuted part shall be re-entered (as per Article 33, para. 33.5 below) into the order book until exhausting the original bid/offer.

Article 32

Validation of Bids/Offers

- 32.1 GME shall validate the bids/offers submitted into the P-GAS, ensuring that:
- a) the Participant has not been suspended from the P-GAS;
 - b) the Participant is authorised to carry out the requested transaction (purchase or sale);
 - c) the bid/offer has been submitted in accordance with the modalities referred to in Article 30, para. 30.1 above;
 - d) the bid/offer contains the data referred to in Article 30 above.
- 32.2 If the validation process described in this Article is successful, the bid/offer shall be entered into the order book.
- 32.3 If the validation process described in this Article is not successful, GME's information system shall reject the bid/offer, notifying the Participant of the reasons for the rejection.

Article 33
Continuous Trading

- 33.1 During continuous trading, contracts shall be concluded through automatic matching of bids/offers already validated and of opposite sign that are present in the order book, ranked under the priority criteria referred to in Article 30, para. 30.4 above.
- 33.2 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 order.
- 33.3 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.
- 33.4 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.
- 33.5 If a bid/offer with a price limit is partially executed, its non-executed part shall give rise to a bid/offer that shall remain posted in the order book with the price and time priority of the original bid/offer. If a bid/offer without a price limit is partially executed, its non-executed part shall give rise to a bid/offer that shall remain posted in the order book with the price of the latest concluded contract and the time priority of the original bid/offer.
- 33.6 For each contract concluded under paras. 33.2 and 33.3 above, the price shall be the one of the bid/offer having time priority.

SECTION II
OPERATION OF THE ROYALTIES' SEGMENT

Article 34
Trading

33.2 In the Royalties' Segment, the trading of the quotas referred to in Article 23, para. 23.3 above shall be based on the auction mechanism, as set forth in this Section.

Article 35
Bids/offers

35.1 Bids/offers shall be entered in accordance with the procedures defined in Annex 3 hereto and contain at least the following data:

- a) number of contracts;
- b) type of transaction (purchase or sale);
- c) unit price.

35.2 The number of contracts and the unit prices specified in demand bids and supply offers shall only have values higher than zero.

35.3 Demand bids shall be ranked by non-increasing price, from those with the highest price to those with the lowest price.

35.4 If the bids/offers submitted during the sitting have equal priority under para. 35.3 above, the priority order shall be the one of receipt of the bids/offers.

35.5 During the sitting, Participants may change or revoke the submitted bids/offers. For determining the priority order, reference shall be made to the time of submission of the latest change.

Article 36
Validation of Bids/Offers

- 36.1 GME shall validate the submitted bids/offers, ensuring that:
- a) the Participant has not been suspended;
 - b) the Participant is authorised to carry out the requested transaction (purchase or sale);
 - c) the bid/offer has been submitted in accordance with the modalities referred to in Article 35, para. 35.1 above;
 - d) the bid/offer contains the data referred to in Article 35 above.
- 36.2 If the validation process described in this Article is successful, the bid/offer shall be entered into the auction.
- 36.3 If the validation process described in this Article is not successful, GME's information system shall reject the bid/offer, notifying the Participant of the reasons for the rejection.

Article 37
Auction Trading

- 37.1 For the purpose of determining the results of the sitting, the number of contracts pertaining to demand bids or supply offers may be accepted even in part.
- 37.2. GME shall identify the accepted bids/offers and the corresponding price in such a way that:
- a) the net value of the resulting transactions is the maximum one, provided that the gas amount pertaining to the accepted supply offer is equal to the gas amount pertaining to the accepted demand bids;
 - b) the price at which the gas is valued is equal to the price of the latest demand bid which has been accepted or partially accepted;
 - c) the accepted supply offer is only the one whose offered price is not higher than the price mentioned in subpara. b) above;

- d) the accepted demand bids are only the ones whose offered price is not lower than the price mentioned in subpara. b) above.

37.3 For the purposes of para. 37.2 a) above, the net value of transactions shall be the difference between the overall value of the accepted demand bids and the overall value of the accepted supply offer. These overall values shall be determined by valuing the gas amount specified in each accepted bid/offer, or the accepted amount in case of partial acceptance of the bid/offer, at the price specified in the same bid/offer.

37.4 At the end of the sitting, GME shall identify the accepted bids/offers and the corresponding price in accordance with the modalities of this Article and shall define:

- a) the price at which the accepted supply offer and demand bids have been valued;
- b) the overall gas amounts pertaining to the accepted demand bids and supply offers.

SECTION III

OPERATION OF THE SEGMENT REFERRED TO IN LEGISLATIVE DECREE 130/10

Article 38

Trading

38.1 In the Segment referred to in Legislative Decree 130/10, the trading of the quotas referred to in Article 23, paras. 23.5 above shall be continuous, as set forth in this Section.

Article 39

Bids/offers

39.1 Bids/offers shall be entered in accordance with the procedures defined in Annex 3 hereto and contain at least the following data:

- a) number of contracts;
- b) type of transaction (purchase or sale);
- c) unit price;
- d) mode of execution of the bids/offers referred to in Article 40 below.

39.2 Participants may also submit bids/offers without a price limit.

39.3 Participants shall not:

- a) submit bids/offers with a price limit equal to zero or with a negative price limit;
- b) submit demand bids or supply offers without a price limit, if supply offers or demand bids with a price limit are not present in the order book, respectively.

39.4 In each order book, demand bids shall be ranked by decreasing price and supply offers by increasing price. If bids/offers have the same price, they shall be ranked by time of entry. Bids/offers without a price limit shall have the maximum price priority.

- 30.5 During the session, Participants may change or cancel the bids/offers that have not yet been matched. The changed bids/offers shall lose the time priority that that they have previously acquired.
- 30.6 Demand bids shall be posted in the order book without specifying the proposing Participant, thereby ensuring his/her anonymity.

Article 40

Execution of Bids/Offers

- 40.1 Participants may submit bids/offers, which shall remain valid - based on their indications - until cancellation also for the following sessions in which the same contract is negotiated. Each bid/offer shall be executed in full or in part for the available quantities and at the price specified by the Participant. The possibly unexecuted part shall be re-entered (as per Article 42, para. 42.5 below) into the order book until exhausting the original bid/offer.

Article 41

Validation of Bids/Offers

- 41.1 GME shall validate the bids/offers submitted into the P-GAS, ensuring that:
- a) the Participant has not been suspended from the P-GAS;
 - b) the Participant is authorised to carry out the requested transaction (purchase or sale);
 - c) the bid/offer has been submitted in accordance with the modalities referred to in Article 39, para. 39.1 above;
 - d) the bid/offer contains the data referred to in Article 39 above.
- 41.2 If the validation process described in this Article is successful, the bid/offer shall be entered into the order book.
- 41.3 If the validation process described in this Article is not successful, GME's information system shall reject the bid/offer, notifying the Participant of the reasons for the rejection.

Article 42
Continuous Trading

- 42.1 During continuous trading, contracts shall be concluded through automatic matching of bids/offers already validated and of opposite sign that are present in the order book, ranked under the priority criteria referred to in Article 39, para. 39.4 above.
- 42.2 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 order.
- 42.3 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.
- 42.4 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.
- 42.5 If a bid/offer with a price limit is partially executed, its non-executed part shall give rise to a bid/offer that shall remain posted in the order book with the price and time priority of the original bid/offer. If a bid/offer without a price limit is partially executed, its non-executed part shall give rise to a bid/offer that shall remain posted in the order book with the price of the latest concluded contract and the time priority of the original bid/offer.
- 42.6 For each contract concluded under paras. 42.2 and 42.3 above, the price shall be the one of the bid/offer having time priority.

**TITLE IV RESULTS OF
THE P-GAS**

***Article 43
Information and Results***

- 43.1 For each trading session and each contract, GME shall publish at least the following data and information;
- a) minimum and maximum price at which the contracts traded in the Imports' Segment and in the Segment referred to in Legislative Decree 130/10 have been concluded;
 - b) reference price of the session of the Imports' Segment and of the Segment referred to in Legislative Decree 130/10;
 - c) price at which the bids/offers submitted into the Royalties' Segment have been valued;
 - d) volume traded in the session.
- 43.2 Except in the cases mentioned in Article 55 below, GME shall - by the end of the working day following the end of each session and anyway before the opening of the next session - confirm the executed transactions to each Participant under the modalities indicated in the Technical Rules. The confirmation shall report at least the following data, where applicable:
- a) number of contracts;
 - b) quantity;
 - c) price;
 - d) day and time of matching;
 - e) types of contracts bought or sold;
 - d) counterparty.

TITLE V
SUPPLY AND SETTLEMENT OF PAYMENTS

Article 44

Supply

44.1 Participants shall supply the natural gas quantities traded on the P-GAS in compliance with the terms and conditions of supply referred to in Article 18 above and unconditionally accepted by the buying Participant.

Article 45

Settlement of Payments

45.1 Participants shall settle their payments in compliance with the terms and conditions of supply referred to in Article 18 above and unconditionally accepted by the buying Participant.

TITLE VI
DISCIPLINARY MEASURES, COMPLAINTS AND DISPUTES ON THE P-GAS

SECTION I
BREACHES AND DISCIPLINARY MEASURES

Article 46
Breaches of the Regulations and of the Technical Rules

- 46.1 The following behaviours shall be considered as breaches of the Regulations 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 Participant or to third Participants, in particular as regards the codes of access to GME's information system, any other data necessary for such access and the contents of bids/offers submitted by third Participants to GME, except in the fulfilment of obligations arising from laws, regulations or decisions by competent authorities;
 - d) any attempt to access the 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 common principles of correctness and good faith referred to in Article 3, para. 3.3 above.

Article 47
Disciplinary Measures

- 47.1 If the breaches referred to in Article 46 above are shown to exist, 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 Participants, on the basis of the scale referred to in Article 48 below:

- a) private written notice of the breach;
- b) pecuniary penalty;
- c) suspension of the Participant from the P-GAS;
- d) ~~exclusion of the Participant from the P-GAS.~~

47.1 bis If the disciplinary measure of the disciplinary penalty is taken 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 P-GAS until the full payment of the previously implemented penalty.

47.2 If a breach is identified, GME shall serve a notice to the Participant. The notice shall include:

- a) description of the alleged breach;
- b) deadline of at least ten days for the Participant to possibly submit documents and request a hearing.

47.3 If the Participant requests a hearing or if GME deems it required such hearing, GME shall set the date of the same and promptly notify the Participant thereof. If the 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 can not in any case take place after the tenth day following the date originally set for the same.

47.4 Based on available evidence, GME shall adopt a possible disciplinary measure or dismiss the case within thirty days from the hearing or, if it is not required or deemed necessary by GME, within thirty days from sending of the notice specified in para. 47.2 above.

47.5 Where the alleged breaches are such as to seriously threaten the proper operation of the P-GAS, GME may, on a precautionary basis, suspend the Participant from the P-GAS during the disciplinary procedure.

47.6 The disciplinary measure and the related reasons or the decision to dismiss the case shall be notified to the Participant concerned and must be notified to the Market Participant involved. Any disciplinary measure is disclosed, for information, to the Authority and the Ministry of Economic Development.

Article 48
Graduation of Disciplinary Measures

- 48.1 Where the breaches are due to the fault of the Participant, GME may adopt the following disciplinary measures:
- a) private written notice of the breach;
 - b) suspension from the P-GAS for a minimum period of five days and a maximum period of one month. In case of recurrence of the breach, the suspension from the P-GAS shall be of one month.
- 48.2 If the breaches mentioned in para. 48.1 above have caused disturbances to the proper operation of the P-GAS, GME may suspend the Market Participant from the P-GAS for a minimum period of one month and a maximum period of one year. In case of recurrence of the breach, the suspension from the P-GAS shall be of one year.
- 48.3 If the breach is due to the intentional wrongdoing of the Participant, GME may suspend the Market Participant from the P-GAS for a minimum period of six months and a maximum period of eighteen months. In case of recurrence of the breach, the suspension from the P-GAS shall be of eighteen months.
- 48.4 If the breaches mentioned in para. 48.3 above have caused disturbances to the proper operation of the market, GME may suspend the Market Participant from the P-GAS for a minimum period of eighteen months and a maximum period of three years. In case of recurrence of the breach, the suspension from the P-GAS shall be of three years.

48.5 As an alternative to the suspension from the P-GAS referred to in paras. 48.1 c), 48.2 b), 48.3 a) and 48.4 a), GME may adopt a pecuniary penalty of a minimum of twenty five thousand euro and of a maximum of one hundred million euro, established on the basis of the extent and severity of the damage resulting 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 P-GAS until the date of payment of the previously implemented penalty.

Article 49

Suspension for Non-Fulfilment of Notification Obligations and Non-Payment of Fees

49.1 In addition to the cases provided for in Article 48 above, GME shall suspend the Participant from the P-GAS or adopt the pecuniary penalty referred to in Article 48, para. 48.5 above, in the following cases:

- a) where the Participant does not fulfil his/her obligation of notification as per Article 20, para. 20.1 above of the information disclosed pursuant to Article 20, para. 20.1 above does not allow GME finding the Market Participant. The suspension shall have effect until the date on which GME receives said notification or until when the Market Participant becomes available again based on the information notified pursuant to Article 20, para. 20.1 above;
- b) where the Participant fails to pay the fees specified in Article 7, para. 7.1, according to the provisions of Article 9 above. The suspension shall have effect until the date on which the Participant fulfils such obligation.

Article 50

Publication of Disciplinary Measures

- 50.1 After adopting the disciplinary measures referred to in Article 47, para. 47.1 b), and c) above, GME shall anonymously publish the same, except from the confidential sections, on its website at least thirty days after serving the relevant notice to the Participant concerned, unless the case has been brought forward to the Court of Arbitration. In the latter case, the implementation of a disciplinary measure shall be made public only if confirmed by the Court of Arbitration.

Article 51

Challenging Denial of Admission to the P-GAS and Disciplinary Measures

- 51.1 Without prejudice to Article 57 below, against the refusal of admission to the P-GAS and against the disciplinary measures referred to in Article 47, para. 47.1, the Market Participant may propose an appeal to the Court of Arbitration referred to in Article 56, under penalty of forfeiture, within thirty days of the notification of the provision or denial of the disciplinary measure.

SECTION II
COMPLAINTS PERTAINING TO THE P-GAS

Article 52

Submission Formalities and Minimum Complaint Contents

- 52.1 To be admissible, complaints pertaining to the P-GAS shall be submitted in electronic form and/or via fax under the procedure and within the time limits indicated in this Section.
- 52.2 To be admissible, each complaint shall include the following elements:
- a) object of the complaint, as identified by GME's information system;
 - b) GME's decision which is being disputed;
 - c) concise description of the grounds for the complaint.

Article 53

Complaints about Results of Validation of Bids/Offers

- 53.1 The Participant may dispute the results of the validation referred to in Articles 32 and 36 above by sending a notification to GME within 60 minutes from GME's decision.

Article 54

Complaints about the Results of the P-GAS

- 54.1 The Participant may dispute the results of the each of the segments of the P-GAS, namely the results of the process of acceptance of bids/offers and determination of their prices, by sending a notification to GME within 60 minutes from GME's decision.

Article 55
Complaint Resolution

- 55.1 GME shall notify the Participant concerned of the outcome of the verifications of the complaints specified in this Section by 16:00 of the second working day following the receipt of such complaints.
- 55.2 If a Participant brings a complaint as specified in this Section and such complaint is upheld because GME is responsible for errors or omissions, GME shall pay a compensation to the Participant equal to a maximum of ten thousand euro.
- 55.3 The acceptance of GME's compensation pursuant to paras. 55.2 above shall imply the Participant's waiver of the dispute resolution procedure mentioned in Section III of this Title.
- 55.4 The limit specified in para. 55.2 above shall apply not only to the complaints indicated therein and to any dispute arising therefrom, but also to the decisions of the Court of Arbitration resulting from the arbitration procedures referred to in Section III below.
- 55.5 The acceptance of a complaint shall not modify the result of the P-GAS session to which it refers.

SECTION III
DISPUTES PERTAINING TO THE P-GAS

Article 56
Court of Arbitration

- 56.1 Without prejudice to Article 57, para. 57.1 below, any dispute arising between GME and Participants over the interpretation and application of these Regulations and the Technical Rules shall be finally settled by a Court of Arbitration.
- 56.2 The Court of Arbitration shall be composed of three members: one appointed by GME, one appointed by the Participant and a third member, acting as President, appointed jointly by the arbitrators appointed by the parties or, in case of disagreement, by the President of the Court of Rome, under Article 810 of the Italian Civil Procedure Code.
- 56.3 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 Civil Procedure Code.
- 56.4 The Court of Arbitration shall be based in Rome at GME's registered office.
- 56.5 If the Market Participant does not accept the result of the complaint examination referred to in Article 55, the same may bring an appeal to the Arbitration Court, under penalty of forfeiture, within thirty days from the notification of the outcome of the verification of the relevant claim.

Article 57
Dispute Resolution

- 57.1 Italian judges shall have exclusive jurisdiction over the following cases of non-payment or partial payment of:
- a) fees referred to in Article 7, para. 7.1 above;
 - b) amounts referred to in Article 47, para. 47.1 b) above;
 - c) amount referred to in Article 48, para. 48.5 above.
- 57.2 Without prejudice to para. 57.1 above, at the request of one of the interested parties, disputes between GME and Participants and between Participants shall be settled by arbitration in accordance with AEEG's provisions.



Annex 1

P-GAS Participation Application

Application for participation in the platform for the trading of natural gas bids/offers as per Article 14, para. 14.1 a), of the Regulations of the platform for the trading of natural gas bids/offers

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 platform for the trading of natural gas bids/offers (hereafter P-GAS) are governed by the Regulations of the platform for the trading of natural gas bids/offers (hereafter P-GAS Regulations), prepared by GME and approved 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 23 April 2010, as subsequently amended and supplemented;
- the Technical Rules, referred to in Article 4 of the P-GAS Regulations, are posted on GME's website and enter into force upon the date of their publication;
- with a view to complying with the obligations arising from this Application and, if such Application is accepted, with the obligations arising from the P-GAS Regulations, GME shall - under Legislative Decree no. 196 of 30 June 2003, as subsequently amended and supplemented - process the Applicant's personal data with a secure electronic system protecting the privacy of such data, in accordance with the privacy statement issued under Article 13 of the aforementioned Decree and posted on GME's website.

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 P-GAS under Article 14 and under the procedure referred to in Article 16 of the P-GAS Regulations.

For this purpose, I/the company ... /*other...* enclose/s the documents mentioned in Article 15 of the P-GAS Regulations, which shall be an integral and essential part hereof, as well as a signed copy of the P-GAS Participation Agreement referred to in Article 14, 14.1 b) of the P-GAS Regulations, 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 P-GAS Regulations 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) authorise/s GME to process my/its personal data and disclose them to third parties, in compliance with the applicable legislation;
- 4) also authorise/s GME to transfer my/its personal data, including for statistical purposes, to other parties providing the services required for the performance of GME's activities;
- 5) designate/s Mr./Mrs..., whose contact data are as contact person for communications, if any;
- 6) designate/s the following party/parties to access the P-GAS information system on behalf of the Applicant:

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

- 7) declare/s that I/the company/*other* am/is the party referred in Article 13, para. 13.1 b) of the P-GAS Regulation, as indicated in the documents issued as per Article 15.

Place and date

...

Signature

....



Annex 2

P-GAS Participation Agreement

Agreement for participation in the platform for the trading of natural gas bids/offers under art. 14, para. 14.1 b) of the Regulations of the platform for the trading of natural gas bids/offers

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 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*) which was set up in accordance with Article 5, para. 1 of Legislative Decree no. 79 of 16 March 1999 (hereafter Legislative Decree 79/99) and which is vested, among others, with the economic management of the platform for the trading of natural gas bids/offers (hereafter P-GAS) under the Decree of the Minister of Economic Development of 18 March 2010;
- B) GME prepared the Regulations of the platform for the trading of bids/offers of natural gas (hereafter P-GAS Regulations), approved 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 23 April 2010, as subsequently amended and supplemented;
- C) pursuant to Article 14, para. 14.1 b) of the P-GAS Regulations, a party intending to participate in the P-GAS shall submit to GME a signed copy of the *Contratto di adesione alla P-GAS* (P-GAS participation agreement, hereafter Agreement);
- D) the Technical Rules referred to in Article 4 of the P-GAS Regulations shall be published on the website of GME and have effect as of the date of their publication;
- E) the Contracting Party is one of the parties mentioned in Article 13, para. 13.1 b) of the P-GAS Regulations.

NOW, THEREFORE,

the Parties agree as follows:

Article 1

Scope of the Agreement and Validity of the Whereas

- 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 service in connection with transactions on the P-GAS (hereafter Service).
- 1.2 The Whereas shall be an integral and essential part hereof.

Article 2

Obligations of the Contracting Party

- 2.1 The Contracting Party declares that he/she is aware of and accepts, without condition or reservation, the P-GAS Regulations, as they result from the applicable legislation. The Contracting Party also declares that he/she fully understands the P-GAS information system (hereafter 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 P-GAS Regulations and the Technical Rules and to keep himself/herself updated with any amendments thereto. It is understood that, where the Contracting Party does not intend to accept any amendments and additions to the P-GAS Regulations or to the Technical Rules, he/she may withdraw herefrom, giving notice according to the procedures and to the address specified in Article 9, para. 9.6 below. Fifteen days after the legal publication of such amendments, if the Contracting Party has not given notice of his/her intent to withdraw herefrom, such amendments shall be assumed to have been tacitly accepted. Any further transaction carried out on the P-GAS 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 on the P-GAS;
 - 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 employ staff with adequate professional skills and competence in the use of the technological systems referred to in subpara. b) above;

- d) where he/she intends to submit supply offers into the P-GAS - to priorly submit to GME (under Article 18 of the P-GAS Regulations) the terms and conditions of supply applied by the same seller in respect of the gas quotas to be offered for sale. By submitting to GME the terms and conditions of supply, duly initialled on each page and signed, the seller authorises GME to publish such terms and conditions on its website or in the P-GAS information system. In case of discrepancy between the terms and conditions of supply submitted to GME and any other version of the same terms and conditions applied and/or made public by the seller, in whatever form, those submitted to GME shall govern;
- e) where he/she intends to submit demand bids, after the seller's acceptance of the application for authorisation to trade gas quotas (under Article 23, para. 23.13 of the P-GAS Regulations) - to comply with the terms and conditions of supply applied by the same seller, in accordance with Article 23, para. 23.14 of the P-GAS Regulations;
- f) to notify GME timely and, where possible, in good time for GME to make any necessary corrective actions for the purposes of guaranteeing the proper operation of the P-GAS, 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 Service. In particular, the Contracting Party shall notify GME with the maximum speed and according to the procedures specified in Article 9, para. 9.6 below, of the occurrence of any event even 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 third parties designated by GME, also permitting access of 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 P-GAS. It is 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 Service;
- 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 on the P-GAS. The Contracting Party shall thus be liable for any unauthorised access to the P-GAS 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 staff 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 staff members, assistants or consultants, if any, in violation of this Agreement, of the P-GAS Regulations 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 service

- 3.1 The Service shall be supplied by GME to the Contracting Party in compliance with this Agreement, the P-GAS Regulations 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 is 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 technical, functional, operational and administrative procedures for the supply of the Service, as a result of amendments to the P-GAS Regulations or Technical Rules.
- 3.4 Without prejudice to what is provided for in the P-GAS Regulations and Technical Rules, if the supply of the Service is interrupted, suspended, delayed or subject to malfunctions caused by technical problems with the System, GME shall do whatever is necessary to overcome such disservices. It is understood that if the aforesaid events result from 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 on the P-GAS. 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 Service.

- 3.6 GME and the Contracting Party agree that GME is not responsible for non-functioning or malfunctioning of lines of communication (for example, telephone lines), as well as of access to the Internet.
- 3.7 The Contracting Party agrees that GME may make resort to third parties designated by GME for the supply of the Service, 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 staff members, assistants or consultants in the management and supply of the Service which are in violation of this Agreement, the P-GAS Regulations or Technical Rules, as well as of any other legislative provision or regulation applicable hereto.

Article 4

Means of 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

Consideration

- 5.1 For the Service supplied in accordance herewith, the Contracting Party shall pay the fees determined by GME under Article 7 of the P-GAS Regulations and the procedures referred to in Articles 8 and 9 thereof.
- 5.2 Where the System is totally disabled and such as to prevent the Contracting Party from carrying out transactions on the P-GAS, the fees referred to in Article 7, para. 7.2 b) of the P-GAS Regulations shall be reduced proportionally to the period in which such disabling has occurred.

Article 6

Limitation of liability, force majeure and fortuitous events

- 6.1 Without prejudice to what is provided in the P-GAS Regulations, GME shall, in carrying out the Service, be liable for damages of a contractual and extra-contractual nature, exclusively 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 of this Agreement. 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 time limit, of any claim for damages relating to the supply of the Service 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 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 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

- 7.2 This Agreement shall be executed by and upon the signature of the Contracting Party and 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 P-GAS. GME shall notify the Contracting Party of the outcome of the above verifications as per Article 16 of the P-GAS Regulations.
- 7.3 This Agreement will cease to have effect upon the occurrence of one of the following events:

- a) exclusion of the Contracting Party from the P-GAS;
- b) total disabling of the System as a result of amendments to the applicable provisions;
- c) Contracting Party's withdrawal herefrom.

7.4 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 Participant, as acquired in accordance with Article 16 of the P-GAS Regulations, 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 fixed fee specified in Article 7, para. 7.1 of the P-GAS Regulations by way of indemnity and 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 therefrom 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)

9.5 Every communication or notification to be made in accordance herewith shall be made in writing and delivered by hand, 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;

- ...
(*address*)
fax number ..., e-mail address ...

9.6 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 P-GAS Regulations, 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) (P-GAS Regulations, Technical rules and amendments thereto); Article 2.2 (k) (Disclaimer); Articles 3.5 and 3.6 (Limitation of liability); Article 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 11 (Disputes).

The Contracting Party

....Rome, (*date*)



Annex 3

Tradable Contracts and Submission of Bids/Offers

1. Reference legislation

Article 24, para. 24.1 of the P-GAS Regulations provides that *“In each P-GAS session, contracts for quantities (as defined in Annex 3 hereto) with the following delivery periods may be traded (...)”*.

Article 30, para. 30.1 of the P-GAS Regulations stipulates that *“Bids/offers shall be entered in accordance with the procedures defined in Annex 3 hereto (...)”*.

Under Article 35, para. 35.1 of the P-GAS Regulations, *“Bids/offers shall be entered in accordance with the procedures defined in Annex 3 hereto (...)”*.

Article 39, para. 39.1 of the P-GAS Regulations provides that *“Bids/offers shall be entered in accordance with the procedures defined in Annex 3 hereto (...)”*.

2. Types of tradable contracts (Article 24, para. 24.1 of the P-GAS Regulations)

In the Imports' and Royalties' Segments, the minimum trading quantity will be equal to 3.6 GJ/day, multiplied by the days included in the contract.

In the **Imports' Segment** of the P-GAS, the following contracts will be simultaneously listed:

A) For the gas quotas referred to in Article 11, para. 2 of Law 7/07 - imported quotas, the following contracts

- **1 monthly;**
- **1 yearly.**

The monthly contract is tradable:

- ✓ from the first day of open market of the second month preceding the start of the delivery period;
- ✓ to the last day of open market of the second month preceding the start of the delivery period.

The yearly contract is tradable:

- ✓ from the first day of open market of the month of September of the second thermal year preceding the start of the delivery period;
- ✓ to the last day of open market of the month of August of the thermal year preceding the start of the delivery period.

B) For gas quotas **other** than those referred to in Article 11, para. 2 of Law 7/07 – imported quotas, the following contracts:

- **up to a maximum number of 6 (six) monthly** contracts;
- **1 yearly.**

Each monthly contract is tradable:

- ✓ from the first day of open market of the sixth month preceding the start of the delivery period;
- ✓ to the next to the last day of open market of the month preceding the start of the delivery period.

The yearly contract is tradable:

- ✓ from the first day of open market of the month of September of the second thermal year preceding the start of the delivery period;
- ✓ to the last day of open market of the month of August of the thermal year preceding the start of the delivery period.

In the **Royal ties' Segment** of the P-GAS, only monthly contracts will be traded; in particular:

- 1 monthly, pertaining to the second month following the current month.

The monthly contract is tradable:

- ✓ from the first day of open market of the second month preceding the start of the delivery period;
- ✓ to the last day of open market of the second month preceding the start of the delivery period.

For the Segment referred to in Legislative Decree 130/10, the minimum tradable quantity is equal to 1 MWh/day, multiplied by the days included in the contract.

In the **Segment referred to in Legislative Decree 130/10** of the P-GAS, monthly and half-yearly contracts will be traded; in particular:

- **monthly contracts**, each pertaining to the months from October to March of each thermal year.

The monthly contract is tradable:

- ✓ from the first day of open market of the second month preceding the start of the delivery period;
- ✓ to the last day of open market of the month preceding the start of the delivery period.

- **half-yearly contract**, pertaining to the entire half-year (October-March) of each thermal year.

The half-yearly contract is tradable:

- ✓ from the first day of open market of the month of March of the thermal year preceding the start of the delivery period;
- ✓ to the last day of open market of the month of September of the thermal year preceding the start of the delivery period.

3. Submission of bids/offers (Article 30, para. 30.1, Article 35, para. 35.1 and Article 39, para. 39.1)

a. Submission of bids/offers

The Participant wishing to submit bids/offers must:

- have a computer workstation, capable of recognising the digital signature via smart card, and an Internet connection;
- designate one or more parties authorised to submit bids/offers ("users").

Bids/offers will be submitted by filling in the appropriate forms (web forms) available in the P-GAS information system (SIGAS).

b. Submission of bids/offers via the web form

Through the web form, Participants may enter bids/offers as follows:

- the selling Participant may enter supply offers into his/her own order book or auctions and demand bids only into the order books or auctions of the other selling Participants with whom he/she is authorised to conclude transactions;
- the buying Participant may enter demand bids only into the order books or auctions of the selling Participants with whom he/she is authorised to conclude transactions.

The data to be reported in the bids/offers are as follows:

- number of contracts;
- type of transaction (purchase or sale);
- price;
- (only for bids/offers submitted into the Imports' Segment) mode of execution: with time limit or until cancellation.

c. Change, withdrawal and cancellation of bids/offers

A bid/offer may be changed, withdrawn and cancelled through the web form.