

TRADING PLATFORM RULES BALKAN GAS HUB EAD



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Version 3.0

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1. General principles

1.1. Introduction of the company

BALKAN GAS HUB EAD (“**BGH**”) is a sole member shareholding company, registered on 18.01.2019. Bulgartransgaz EAD (“**BTG**”), subsidiary of Bulgarian Energy Holding EAD and a combined operator offering natural gas transmission and storage services, owns 100% of the shares at the time of the company’s registration and the beginning of its activity.

The trading platform provides trading environment for an organized natural gas exchange market for short-term and long-term trading on a bilateral and on an exchange basis, which reflects the needs of the natural gas markets within the Balkan Gas Hub. This aims to increase the liquidity of the natural gas market in Bulgaria and the region of Southeast Europe.

As an EU Member State, Bulgaria applies the requirements of Commission Regulation (EU) № 312/2014 establishing a Network Code on Gas Balancing of Transmission Networks (“**NC BAL**”).

On November 15, 2019, Trayport Limited (Trayport) and Balkan Gas Hub EAD entered into an agreement to implement the Trayport Exchange Trading System (ETS) for the trading needs of Balkan Gas Hub EAD. Trayport’s ETS is a powerful real-time orders’ matching mechanism and trading system designed particularly to support commodity exchanges in providing an electronic trading environment. The ETS is widely used to organise physical and financial markets, and provides exchanges with a single solution for transparent price dissemination, matching of interest and fair trading. Through ETS, exchanges can offer their trader clients direct access to market liquidity via Trayport’s Joule trading screen, Europe’s leading electronic trading solution for energy markets.

As of December 9, 2019, Balkan Gas Hub EAD introduced ETS for the needs of 2020 gas release programme, laid down in Art. 176a of the EA.

As of January 2, 2020, Balkan Gas Hub EAD introduced ETS for short-term anonymous contracts (short-term standardized products according to NC BAL), long-term bilateral contracts (non-anonymous and/or anonymous), and at a later stage, exchange contracts, that best meet the needs of Bulgarian market players.

In addition to short-term standardized products, according to NC BAL, the standardized bilateral long-term contracts will be monthly, quarterly, seasonal, annual/for five years ahead, pursuant to Art. 176 of the Energy Act. A template gas supply contract for the needs of the Bulgarian market is available as an option for market participants.

In compliance with the requirement of Art. 176 of the Energy Act, BGH also offers brokering services for the customers connected to the gas transmission network.

The BGH TP also provides an opportunity for the transmission system operator (“**TSO**”) to balance its short-term balancing needs in accordance with Art.10 (1) of NC Bal. Thus the transmission system operator can also trade on the short-term market segment of BGH by becoming a trading participant (TP user).

BGH ensures transparent compliance with Regulation (EU) № 1227/2011 of the European Parliament and of the Council on wholesale energy market integrity and transparency (“**REMIT**”), ensuring that insider trading and market manipulation attempts are prevented.

For the purposes of this document “**BGH TP**”, “**BGH Organized Natural Gas Exchange**



Market” and **“BGH Market”** mean the same.

In this document and in the accompanying Trayport User Guides, **instrument** and **product** shall mean the same.

In this document and in the accompanying User Guides, the terms **short-term** and **spot** shall mean the same.

1.2. BGH Market Organization

1.2.1. Business scope

BGH is a natural gas trading platform operator in accordance with the Bulgarian Energy Act. BGH offers a natural gas trading segment for continuous spot natural gas supply products in Bulgaria, a long-term natural gas trading segment and a segment for implementation of a Gas Release Programme for the period 2020 - 2024.

In order to ensure transparent compliance with the provisions of Art. 6, para 1 of Regulation (EU) 1348/2014 on the application of Art. 8, § 2 and 6 of Regulation (EU) 1227/2011 (**REMIT IR**), BGH plans to provide services on data reporting to market participants in order to prevent insider trading and market manipulation attempts. BGH will further inform market participants of the availability of this service.

1.2.2. Operating Company

Balkan Gas Hub EAD is in charge of operating the BGH organized market. Balkan Gas Hub EAD may subcontract part of its operational tasks regarding the operation of the BGH organised market to third parties and shall remain liable in any cases towards the Members for the operation of the organised market, regardless of whether the task performance has been subcontracted or not.

In case of urgency, BGH is entitled to issue any appropriate orders or measures to ensure the orderly conduct of trading on BGH market and the settlement of the concluded transactions. These orders or decisions are binding for all BGH Members.

1.2.3. BGH TP Members

BGH Members shall be approved by BGH based on the membership applications they submit if eligible, as required by the Registration form and the Membership agreement, Annexes 2 and 2A to these Rules.

1.2.4. Operation of BGH TP/ BGH Market

Balkan Gas Hub EAD is the company operating the BGH Market, secured by using the TP of Balkan Gas Hub EAD. In its capacity, Balkan Gas Hub EAD:



defines membership criteria for the BGH Market;



enters into Membership agreements with Applicants meeting BGH’s criteria and thus become BGH members;



defines products tradeable on the BGH;



sets the requirements and procedures for trading with the products;



provides an appropriate market place for buy and sell orders in accordance with the Market Rules;



establishes and publishes reference prices and marginal prices for the needs of everyday financial imbalance settlement of the TSOs;



transmits information about TSO's transactions for physical delivery, required for nominations and re-nominations towards TSO and for the needs of allocation of quantities and balancing, in particular by means of trade notifications in line with Article 5(4) of NC BAL;



via the Market Surveillance Unit monitors BGH members' behaviour in order to guarantee the correct and reliable market functioning;



cooperates with BTG, other TSOs, if any, and the Energy and Water Regulatory Commission ("EWRC") in order to maintain market functioning and prevent market abuse and manipulation;



offers data reporting agreements to BGH members and reports data on their behalf according to Art. 6 (1) of REMIT, when applicable;

1.2.5. Official Language and Announcements

The official language of BGH market is English. The Bulgarian translations are informative. In the event of inconsistency between the English and Bulgarian versions of the BGH Market Rules, or of any other communication, the official governing version shall be the English one.

Unless provided otherwise, BGH Market notices and other announcements are transmitted electronically and respectively published on BGH's website.

Members of the trading platform shall have one free screen of the Trayport Exchange Trading System through Trayport Joule. The software installation and maintenance, the maintenance of hardware systems that meet the requirements of the programme and the necessary level of knowledge of English language by traders are responsibility of the platform members.

After registering as members of the trading platform, all market participants shall be required to get familiar in details with the User Guide, Annex 5 to these Rules. The same will be updated and published in the relevant section of www.balkangashub.bg after each software solution update. The updated versions of the User Guides become an automatic part of these Rules upon publication of a market notice by BGH. After registering as a member of the trading platform, each participant will receive an installation link to install the software and the necessary set up and IT support guides from BGH and/or Trayport. Each Trayport Joule user will be provided with a test environment to use the software before its actual use for trading.



1.3. Legal and Regulatory Framework

1.3.1. General Principles and Provisions of BGH

When operating on BGH market, BGH members shall observe and comply with all general principles and provisions of BGH, set forth in these Market Rules and their annexes, and/or any other applicable documents governing the operation of the natural gas exchange market. Behaviour not compliant with these general principles and provisions calls forth appropriate consequences and sanctions, as described in item 5.6.3. Penalties.

1.3.1.1. Membership Agreement

The “**Membership Agreement**” shall be signed between BGH and the BGH member. By signing the Membership agreement, the BGH member agrees to comply with the BGH Market Rules at any time.

The Membership agreement is Annex 2 to these Market Rules.

In the event of a conflict between the Membership agreement and any provision of the effective version of these Market Rules, the provision of the Market Rules shall take precedence.

The Membership agreement cannot be assigned or transferred in any way, in whole or part, without the prior written consent of BGH.

1.3.1.2. BGH Natural Gas Trading Platform Rules

The BGH Natural Gas Trading Platform Rules are a set of rules governing the relationship between BGH members and of BGH members with BGH as the operator of the platform. The BGH is governed by the following relevant documents and communications to ensure the orderly operation of the BGH Market:



These Trading Platform Rules;



Annexes 1 – 5 to the Trading Platform Rules:

- Annex 1 – Definitions;
- Annex 2 – Membership Agreement;
- Annex 2A – Registration Form;
- Annex 3 – Short-term segment (Short-term products);
- Annex 4 – Long-term segment (Long-term products);
- Annex 5 – Trayport Joule User Guide.



Market communications/notices, announcements and all other decisions made by BGH on the basis of the general principles and provisions of these Market Rules.

All annexes hereto are an integral part of these Market Rules.

1.3.1.3. Products

In addition to the segment for implementation of the Gas Release Programme in accordance with the EA, the standardized Contracts/Products, available on the BGH market, are described in detail in Annex 3 (Short-term segment) and Annex 4 (Long-term segment), as follows:



- Short-term (Spot segment) - Standardized short-term products, according to NC BAL, traded on VTP (title transfer) or through a designated physical entry point (locational, for transmission system operators only). The offered standardized time periods are day-ahead and intraday, and at BGH discretion, weekend, next hour, individual days may be offered as well. Upon request of transmission system operators, non-standard periods may be offered (temporal product) in combination with title transfer or locational products;
- Long-term segment - Standardized contracts for the periods - month, quarter, year/up to five years. Other products may be available upon customers' request. Any already concluded supply contracts with end customers/end suppliers with an initial delivery period after 01.01.2020 and a period less than or equal to one year, should be registered on the trading platform through the brokering service no later than 31 January 2020.
- BGH Brokering services - through which products and services for end customers are offered - natural gas consumers and end suppliers directly connected to the gas transmission system, who do not have access to the gas transmission networks and to the VTP, but would like to purchase natural gas at exit points from registered BGH members for their own needs. In this case, the end customer/end supplier has the status of a non-trading user and is not chargeable according to the applicable price list. The non-trading user gains the right to use BGH brokering services by signing a Brokering Services Agreement, and shall be granted with special rights to access a specialized section of BGH website.

Apart from the cases explicitly stated, such as when using brokering services or locational products, transactions shall be concluded on the VTP; therefore the TP members should have access to the gas transmission network of the respective transmission system operator, right to trade on VTP and comply with the balancing regime and the natural gas trading rules established in the respective balancing zone and approved by the EWRC.

BGH reserves the right to offer the above products and/or others at the customer's request or at its own discretion, in stages, and the products offered shall be as described in the Products and Services section of www.balkangashub.bg.

1.3.1.4. Code of Conduct

The Code of Conduct sets forth the rules of conduct and market behaviour which must be respected at all times by the BGH Members. The Code of Conduct is an integral part of the BGH Market Rules and is laid out in Section 5: Code of Conduct.

1.3.1.5. Changes to BGH Market Rules

BGH may supplement, amend and edit the present Market rules and all of its present and future annexes. The formal approval of the Board of Directors is required for decision making.

The BGH Market Rules are binding upon BGH, all BGH Members and their Traders permitted to trade on BGH. BGH Market Rules are subject to approval by the Energy and Water Regulatory Commission (EWRC) in accordance with Article 21, item 42 of the Energy Act. Balkan Gas Hub EAD may modify the current Annexes and add new ones to the Market Rules by a decision of the Board of Directors, which are not subject to approval by EWRC.

1.3.1.6. Date of Effectiveness of Changes to the BGH Natural Gas Trading Platform Rules



Changes to BGH Market Rules become effective on the day of their publication after the EWRC's approval.

1.3.1.7. Official Market Notices

BGH electronically notifies BGH Members of changes to the Market Rules and any annexes hereto and of changes and actions that do not require approval by EWRC by Market Notices published on BGH's website, including:



BGH members admission conditions;



resignation, withdrawal and revocation of any BGH Member's admission;



suspension of a BGH Member and withdrawal of such suspension;



suspension of placing on the market some types of products and withdrawal of such suspension;



special conditions for product specifications;



special conditions of risk management and credit limit handling;



applicable trading calendar ("**Trading Calendar**");



amendments to reference price calculation;



valid price and fee list, discounts and their respective conditions applicable to Market Makers or Liquidity Providers;



information about changes in payment handling;



operating support contact details and hours;



unavailability of the system or technical problems;



sanctioning for non-compliance with Market Rules;



information about mistrade rules and applied administrative fees;



any other activity at the discretion of BGH.

Except in cases of a justified emergency, such amendments will be announced to Members by means of the Market Notice at least 7 (seven) calendar days before such changes enter into force. Members shall be deemed to have accepted the changes when they enter into force. If a Member does not accept the changes, it can unilaterally terminate the Membership Agreement during that same period.



1.3.2. Status of BGH Market Rules

1.3.2.1. Contractual relations

Contractual relations between BGH and BGH Members are governed by the Membership Agreement. By signing the Membership Agreement, BGH Members undertake to comply with the BGH Market Rules.

If a BGH Member fails to fulfil an obligation imposed by the BGH Market Rules, BGH shall be entitled to suspend the Membership of the BGH Member or limit its access to a particular Market Segment, as well as to terminate the respective Membership Agreement with the BGH Member.

In the event of any inconsistency: (a) The Market Rules will prevail over the Membership Agreement; and (b) the Market Notices shall prevail over the Market Rules.

1.3.2.2. Members' Rights and Obligations

The services provided to BGH Members by BGH as well as BGH Members' rights and obligations regarding BGH are set forth in the BGH Market Rules.

2. Admission of BGH Members and Access to Services

2.1. BGH Membership conditions

2.1.1. BGH Member

A BGH Member is a legal entity that signs a Membership Agreement with BGH and is thereby authorized to trade on the BGH Market.

The TSO is a member of BGH Market under a signed Membership Agreement between BGH and the TSO in its capacity as a network operator.

All other BGH Members of the BGH market should have passed a successful procedure for obtaining a right of access under Article 10(a) of the **Rules for granting access to gas and/or gas distribution networks and access to natural gas storage facilities**.

A further prerequisite for signing the BGH Membership Agreement, prior to the establishment of a clearing house, is a valid Balancing Agreement with the TSO as well as full compliance with the Natural Gas Market Balancing Rules and the Natural Gas Trading Rules. Upon introduction of a clearing house, these Market Rules will be amended accordingly and BGH will inform all interested parties via a Market Notice published on its website.

BGH EAD shall not impose any limits concerning the maximum number of BGH registered members. BGH cannot refuse to conclude a Membership Agreement, given that the conditions laid down herein above are satisfied and the respective compliance verification is carried out.

In order to successfully pass the compliance verification, applicants wishing to become BGH members must fulfil the following requirements:



The applicant has background in one or more of the following activities: gas (energy/commodity) trading, gas transmission, operation and maintenance of gas facilities, provision of gas services or any other gas and energy-related activities;



The applicant fully complies with all provisions of these Market Rules including requirements for access to the trading platform;



The applicant has obtained all necessary authorizations and consents for trading at the Virtual Trading Points, the relevant IPs and other points of the gas transmission system.



The applicant is not legally restricted in its capacity to carry out business activities, in particular due to insolvency or liquidation;



The applicant is fully aware of all the rules and requirements of Trayport Joule and its English language knowledge enables him to use the electronic system.

Upon written request by BGH, the applicant or the respective member shall submit all documents and/ or information proving that the prerequisites for Membership are fulfilled.

2.1.2. Trading on BGH

Trading on BGH Market shall only be carried out by BGH Members and they can carry out trading activities on the GHB market on their own account (own transactions) or on their own behalf at the expense of a third party.

If a BGH Member intends to or will conduct transactions on behalf of a third party (a “**Third Party Client**”), then:

1. The BGH Member shall be liable for such Third Party Client transactions themselves;
2. BGH shall have no whatsoever obligations to any Third Party Clients;

2.1.3. Types of BGH Members

BGH Members may include the following:



Natural Gas Traders;



The Natural gas public supplier;



Natural Gas Producers;



Gas transmission system operator (“**TSO**”);



Gas distribution system operator (“**DSO**”);



Natural gas storage facilities' operators;



LNG facilities' operators;



Combined operators;



Customers and end suppliers of natural gas;



Non-trading users - end customers - natural gas consumers having no access to the gas transmission networks and to VTP, purchasing natural gas at exit points from registered BGH members.

Except for non-trading users, all BGH Members shall have equal rights and obligations towards BGH. At the same time, the TSO may trade on the trading platform with the aim of conducting balancing actions by the purchase and sale of the necessary amount of natural gas, which does not qualify as natural gas trade.

2.1.4. Commitment to Market Making

Any BGH Member may offer BGH to commit to be **Market Maker** with a view to increase the liquidity of contract(s) admitted to trading. The assessment whether to enter into such an Agreement is at the discretion of BGH.

Market Makers take on the obligation to determine indicative bid and ask prices for one or more products admitted to trading, on a continuous basis or at specific times at the request of BGH, in accordance with the conditions set in the Market Maker Agreement. The specific terms of the Market Maker commitment should be set out in the Market Maker Agreement, which includes at least the following:



the specification of product types;



the bidding and asking obligations;



the minimum trading quantities in MWh/day in line with the period and the agreed delivery programme;



determining of indicative bid and ask price of one or more products accepted for trade on a permanent base in line with the Trade Calendar or at a specific time upon the request of BGH or a Market Maker in line with the terms and conditions of the Market Maker Agreement and these Rules;



the minimum time period when the commitment shall be fulfilled.

On the basis of the agreement of the parties the Market Maker Agreement might also specify discounts and reduced rates of payable fees and other benefits to which the Market Maker will be entitled to in exchange for its market making commitment, and other contractual terms and conditions which the parties may find relevant and agree upon.

BGH will publish a regularly updated list of the appointed Market Makers in accordance with the conditions set out in the concluded Agreements, without disclosing the commercial terms and conditions of the concluded Market Maker Agreements, unless the relevant Market Maker has expressly agreed to it.

2.1.5. Commitment to Liquidity Providing

Any of the BGH Members may offer to BGH to commit to fulfil the “**Liquidity Provider**” role with a view to increase the liquidity of a certain Product admitted to trade on BGH.



Nevertheless, it is within the own discretion of BGH, whether to enter into a Liquidity Provider Agreement with the BGH Member offering a Liquidity Provider commitment.

The conditions upon which a Liquidity Provider shall include specific measures for increasing the liquidity of the BGH Market, including volume obligations, in accordance with a signed Liquidity Provider Agreement.

BGH has the right to select a Liquidity Provider over a given period amongst BGH Members who comply with the pre-determined conditions to the fulfilment of the Liquidity Provider's obligations.

BGH will publishes a list of the appointed Liquidity Providers but the commercial terms and conditions set out in the concluded Liquidity Provider Agreements will not be disclosed, unless the relevant Liquidity Provider has expressly agreed to it.

2.2 Admission of BGH Members and non-trading users

2.2.1. General Admission Requirements for BGH Members

The admission of a particular “**Applicant**” for BGH Member shall be made on the basis of the following criteria:



The Applicant meets BGH requirements in terms of experience, reliability, reputation and economic capacity of its company;



The Applicant had passed a successful access procedure in line with article 10(a) of the Bulgarian Rules for Access;



The Applicant has secured orderly settlement of TP transactions by means of a concluded Balancing Agreement with the TSO;



The Applicant has nominated persons who act on his behalf as a Trader and has evidenced that they meet the required technical requirements to access to the commercial information system of BGH.

Based on the above mentioned preconditions and after a compliance check (section 2.1.), BGH makes a decision whether or not to admit certain applicants as BGH Members at its own discretion.

2.2.2. Admission to BGH

BGH makes decisions with regard to the admission of Applicants to the BGH Market in compliance with the BGH Market Rules, including possible refusal of an incomplete application based on a thorough check of the submitted documents.

Once all membership requirements have been met, BGH shall sign the Membership Agreement and notifies the newly admitted BGH member in writing of its acceptance. After receipt of the admission confirmation, the BGH Member will be entitled to trade on the BGH Market. The names of all newly admitted Members will be published in a Market Notice to the existing BGH Members on the BGH website.

If BGH decides not to admit an Applicant, it shall give reasons for its decision.



2.2.3. Required documents for admission to BGH membership

Membership applications include the following:



duly signed Membership Agreement in 2 originals;



completed Registration form;

and the following supporting documents:

(a) a copy of concluded Balancing Agreement with the TSO; and

- a copy of a concluded Contract for VTP use; and/or
- a copy of concluded Contract for access and transport;

(b) a certificate proving the current legal status of the Applicant or an equivalent document in line with the national legislation of the country of its registration (issued no earlier than 30 calendar days before the date of submission of the documents for admission to BGH Membership);

(c) certificate on the lack of liquidation and insolvency proceedings of the Applicant or equivalent document in line with the national legislation of the country of its registration (issued no earlier than 30 calendar days before the date of submission of the documents for admission to BGH Membership);

(d) a notarised power of attorney if the documents for admission to membership will be signed by an authorized representative.

The membership documents shall be submitted to BGH in Bulgarian by Bulgarian companies and in English by foreign companies. If necessary, BGH may, at its discretion, require additional documents and/or a notarised translation into Bulgarian of submitted foreign documents.

2.2.4. Authorized Representatives

BGH Members shall appoint at least one authorized representative, chosen from among the employees under their authority or acting on its behalf, who will be BGH contact for the administrative formalities undertaken in compliance with the Market Rules.

Only such authorized representatives are entitled to request BGH to make changes in the areas that concern them.

2.2.5. General requirements of BGH for admission of non-trading users

A non-trading user shall be entitled to use BGH brokering services by signing a Brokering Services Agreement, and shall be granted with special rights to access a specialized section of BGH website. A non-trading user shall not have access to the trading platform's screens, but shall purchase quantities at the exit point to which he is connected through registered BGH members.

For brokering services, non-trading users shall not pay membership and transactions fees under the applicable price list.



2.3. Technical Access to BGH Natural Gas Trading Platform

2.3.1. Requirements for Technical Access

The technical requirements for connection to BGH trading systems are met, if the BGH member is equipped with IT-facilities, which comply with the minimum Trayport Joule requirements described in the service installation/user guide(s) (Annex 5), which have been published also on BGH website.

2.3.2. Trading Screen

After signing the Membership Agreement, BGH will assign to each Trading User (admitted by the respective BGH Member) one Trading Screen, user name and a password for entering in BGH trading system. A BGH member shall be entitled to more than one trading screen upon payment of the respective additional fee.

2.4. Admission of Traders

2.4.1. Admission of Traders to Trade

A “**Trader**” is a person entitled to trade on behalf of a particular BGH Member on BGH TP after successfully completing the system tests. A Trader can only be active and carry out trades on the TP for one BGH Member at any given time on one or more Market Segments.

2.4.2. Traders’ Identification

BGH Members trade on the TP through one or more Traders acting under their authority or on their behalf. BGH Members are required to immediately notify BGH of any change to the list of their authorized Traders and/ or changes to a particular Trader’s allocation to any of the Market Segments. Traders are identified in BGH and are the only persons authorized to place, modify or cancel Orders.

BGH Members cannot decline responsibility or liability for the actions of a person acting under their authority or on their behalf, regardless of whether such person has been identified as a Trader. Similarly, BGH Members cannot decline responsibility or liability for the actions of a Trader declared to be authorised as such to BGH, regardless of whether such Trader is acting under the Member's authority or on its behalf, until the BGH Member requests the suspension of the Trader’s access to the BGH TP.

2.4.3. Skills

BGH Members ensure that the designated Trader has all the necessary skills and qualifications to trade on the TP. This shall mean that each Trader has been given a copy of all the documents issued by BGH, including these Market Rules and all of its Annexes, and understands them, as well as:



The structure and environment of the BGH Market;



Use of BGH’s trading system;



All relevant product and/or contract specifications;



Balkan Gas Hub



Any other documents at BGH discretion.

2.5. Rules of Procedure

2.5.1. Duration of Membership

The BGH Membership terms and conditions, validity and period of a particular Membership Agreement shall be defined in the respective Membership Agreement.

2.5.2. Communication of Information

After being granted admission to trading on the BGH market, BGH Members shall still be required to notify BGH without delay of any changes of a factual or legal nature which could lead to the conditions for which admission can no longer be met, in particular:

1. Changes to its legal situation, such as:



changes in the circumstances regarding Membership requirements;



termination of, suspension of, or changes to the Clearing Agreement where applicable;



material changes compared to the information provided in the documents appended to the Membership application;

2. Changes to the Members' technical or organizational status, insofar as such changes have an impact on the access to BGH.

3. Changes to the legal or regulatory framework or to judicial practice that affect the Member's capacity and its compliance with the Membership requirements and these Market Rules.

A BGH Member shall inform BGH immediately in writing, if its conditions have materially changed since its original admission to BGH TP. The breach of this obligation may result in immediate suspension of a BGH Member's Membership. In case a BGH Member fails to immediately inform BGH about such changes and as a result a transaction cannot be executed financially or physically, a BGH Member shall be liable for any loss or damage incurred by him or a counterparty to a particular Contract.

2.5.3. Termination of BGH Membership

A BGH Member shall be entitled to terminate BGH Membership upon not less than 14 (fourteen) calendar days of written notice to BGH. The termination will be effective upon BGH formally informing that Member of termination of the Membership Agreement.

BGH shall be entitled to terminate the BGH Membership if at one or more times:

(a) one of the admission requirements ceases to be satisfied by a Member at a particular date following admission;

(b) the Member fails to make the relevant supplies, payments and/ or to settle other fees due and payable, as stipulated in the BGH Market Rules or Contracts/Agreements;

(c) any other repeated breaches of these Market Rules.

The termination of a BGH Membership shall result in termination of admission of the Traders



admitted to trading on the TP acting on behalf of the relevant BGH Member.

BGH shall publish the termination of the relevant BGH Membership in the form of a Market notice on BGH website.

2.5.4. Consequences of Termination of BGH Membership

If a BGH Member terminates its membership or the membership is terminated by BGH, the BGH Member shall be obliged to fulfil the obligations resulting from the trades executed in its name up to the date of termination even if this requires the Member to undertake certain actions after the termination date. The BGH Member shall be obliged to pay any outstanding and due amounts, to deliver or take delivery of natural gas and to cancel all Orders in the trading system.

Members' obligations under the Membership Agreement shall be terminated only after the fulfilment of the requirements provided in this paragraph. The parties should inform BGH about the fulfilment of obligations in written form.

2.5.5. Temporary Suspension of trading rights

BGH is entitled to temporarily suspend the Membership Agreement if the Member does not comply with the Market Rules in which case shall provide an explanation for its decision. If BGH considers at its discretion that one of the conditions for admission has not been fulfilled, BGH may order termination of the membership of the BGH Member. Termination of the membership of a BGH Member may also be ordered if the BGH Member has failed to pay the fees due or fails to maintain the required financial guarantees, if applicable. BGH can also suspend the BGH Member access to the organized BGH market:

- (a) if the BGH Member fails to fulfil its obligations towards other BGH Members for the deliveries of natural gas and/or payments in good time;
- (b) in case of material violations of the BGH Market Rules and/or other regulatory documents;
- (c) at the request of the NRA, where legal breaches are found.

2.5.6. Consequences of Temporary Suspension from Trading

During the period of the suspension of the right to trading of a BGH Member, the right to take part in trading on BGH shall also be suspended for its authorized Traders. All existing orders are respectively deleted and new orders cannot be initiated by the respective BGH Member.

BGH will issue a Market Notice to all BGH Members with respect to any such suspension. At its discretion, BGH may decide not to publish such a Market Notice when it considers the suspension has occurred for a purely technical reason which may be resolved in a timely manner.

2.5.7. Incapability of Trading Members

A BGH Member may be excluded from trading and its admission suspended, if material evidence is presented to BGH that the Member is not capable of fulfilling delivery regarding either the physical delivery of natural gas, or the financial payment towards any of its counterparties.

In this event, all orders of the BGH Member are automatically cancelled on the TP. BGH shall not be held responsible or liable towards any of the BGH Members for the consequences of closed or cancelled orders in the foregoing circumstances.



When a BGH Member's right to trade has been terminated, BGH shall inform the other BGH Members thereof by publishing a Market notice.

2.6. Terms of Payment of the applicable fees

The applicable fees are defined in accordance with the Price List approved by the Board of Directors of BGH and are published on the BGH webpage.

2.6.1. Payment of fees

Monthly fees are payable until the tenth day of the calendar month excluding Membership Agreements concluded after the tenth day of the calendar month and in this case a full monthly fee is due which shall be paid within 3 business days as of the date of the signing the Membership Agreement upon an issued invoice by BGH. In case of Agreement termination within the month, the fee for the entire current month remains payable.

Market Notice regarding prices and discounts may specify different payment conditions than the above stated. Transaction fees are assessed and invoiced per calendar month.

After the deadline for payment, BGH shall charge late-payment interest amounting to the Base Interest Rate plus 10%.

2.6.2. Terms of Payment

Invoices shall be sent via e-mail. Invoices may also be sent in hard copy by post upon a request of a BGH Member and the respective Member shall bear the transport and courier costs. The invoice payment due date is five (5) calendar days from the date of the invoice. Fees shall be collected by BGH. All amounts are in Bulgarian lev /BGN/. They can be reviewed by BGH EAD and the price list will be updated accordingly, after which BGH will duly inform all BGH Members about the new schedule of fees. The new schedule of fees shall be sent to the market participants as a market notice published on the BGH website. The date of validity of such change is the beginning of the next calendar month, with the corresponding change being disclosed at least 7 calendar days in advance.

3. Products and segments

3.1. Tradable Products

The Products/Trading contracts are in accordance with Trayport Joule trading system options described in Annex 3 and Annex 4 product specifications, and the products' description published in "Products and Services" section on the website of www.balkangashub.bg.

3.1.1. Admission of Products

BGH is entitled to decide which products may be admitted to or suspended from trading. Market notice shall be given 5 (five) working days prior to the admission or suspension of the respective product.

Only products published in "Products and Services" section on the website www.balkangashub.bg shall be traded.

3.1.2. Product Specifications

BGH defines the specifications of each traded product presented in Annex 3 (Short-term



segment) and Annex 4 (Long-term segment) of these Trading Platform Operating Rules.

3.1.3. Revocation and Temporary Suspension of Products' Trading

BGH may revoke trading of products or temporarily suspend trading on the TP if it considers that orderly trading on BGH Market is jeopardized and/or if such an action appears necessary for any other reasonable and material reason. BGH may also suspend trading (entirely on the TP, or with respect to individual products) if BGH considers that is required for technical reasons. In the case of any revocation of trading of individual products or any suspension from trading on BGH, BGH shall issue a Market notice to inform the BGH Members without delay.

If Trading on BGH is suspended partially or entirely, no new Orders may be entered for the suspended Contracts and all existing Orders will be automatically cancelled. At its own discretion BGH may, in the event of a suspension, issue different instructions on a case-by-case basis.

3.1.4. Activation of a Product

BGH Market Rules may contain Products without making them available for trading until all necessary (technical, regulatory or any other relevant) conditions are secured. Only products published in "Products and Services" section on the website www.balkangashub.bg shall be traded. All BGH members will be informed by a Market notice for any change in the offered products (newly added product, withdrawal/suspension of a product, etc.)

3.2. Market Zone

3.2.1. BGH Market Area

On the BGH market natural gas contracts with physical delivery in the Bulgarian natural gas transmission system.

The BGH Market area may also include delivery of products in the networks of other operating TSOs, on the territory of Bulgaria and abroad, upon signing of the respective Interconnection Agreements, when prevailing market conditions allow.

3.3. Market Segments

A Market Segment consists of the tradeable products, market areas, market procedures and the deadlines applicable to that segment.

At the time of entry into force of these Market Rules, the following market segments shall be introduced on the BGH Market:

3.3.1. Segment for Offering Spot Products on BGH (Short-Term Segment)

Tradeable products and product specifications for this market segment are described in Annex 3 (Short-term products) and in the "Products and Services" section on the website www.balkangashub.bg.

3.3.2. Segment for Offering Long-Term Products on BGH (Long-Term Segment)

Tradeable products for this market segment are described in Annex 4 (Long-term products) and in the "Products and Services" section on the website www.balkangashub.bg.

3.3.3. BGH Segment for implementation of Gas Release Programmes (GRP Segment)



The tradeable products for this market segment are described in the Agreement for implementation of a natural gas release programme, approved by the EWRC.

3.3.4. Brokering Services Segment

Through this segment, customers connected to the gas transmission networks but not registered TP members, can purchase short-term and long-term products, described in Annex 3 and Annex 4, via registered at the platform BGH members with delivery point the exit point of the gas transmission networks.

3.4. Order Management in Case of Technical Problems

In case there is a temporary Technical Problem in relation to access to and/ or use of the TP of BGH, the BGH Members will be informed by a Market Notice of the technical problem and expected timeline for restoration of the service.

In case of Technical Problems in the IT system of any BGH Member, the affected Member shall inform BGH without delay.

In case of technical malfunctions, BGH or the respective authorized third parties shall be bound to undertake the appropriate measures which are required to safeguard or resume proper trading/ service. For this purpose BGH or the relevant third party may:

- (a) temporarily exclude individual BGH Members or all BGH Members from trading;
- (b) suspend trading;
- (c) delete orders by individual or all BGH Members.

The measures taken by BGH or by the third parties commissioned to carry out such measures shall be binding for all BGH Members.

BGH is entitled to temporarily interrupt the access to BGH trading system for any of its Market Segments for one or all of the BGH Member(s) if determined by BGH as necessary for technical reasons. The BGH members concerned shall be informed of the interruption of the access to the trading system of BGH and the end of the interruption by suitable means.

3.5 Physical Settlement or Amendment of the Quantity under a Trade Notification

After confirmation of each trade and expiration of the cancellation period (for long-term products), automatic trade notifications are sent from BGH to the BTG IT system. Quantities under the Trade Notification are allocated in the balancing portfolio of clients for the product period in the BTG IT system. Once the same two CPs trade again a new additional trade notification is sent to BTG. Trade notifications fulfil the minimum requirements according to art. 5, § 4 of NC BAL and shall be sent in aggregated form for all clients, reflecting the real status of the purchased and sold quantities after the trades for the respective gas day.

In case of cancellation of a trade outside the cancellation window, the TP submits an automatic trade notification to BTG's information system with the mirrored information of the initial trade in the opposite direction (Countertrade).

During the trading day, the TP calculates the weighted average price of the trades of the day (settlement price). Marginal prices are calculated and published by BGH and/or BTG. The quantities under concluded short term deals cannot be amended.



In case the counterparties in the long-term transactions wish to change the daily quantity towards a lesser quantity under already concluded transactions on the long-term segment, they submit information about the changed quantity, using a specialized tool through the website of the BGH, which leads to the automatic generation and sending of a new, correcting notification to the IT system of BTG, respectively, adjustments in the balancing portfolios of both parties in the transaction. The correction shall be multiple of the minimum tradeable volume under each product (1 MWh/d) or with a zero value for the respective gas day.

In case two CPs need an increase in the daily quantity for a specific gas day, they must execute a trade on the spot segment.

For transactions concluded outside the BGH trading platform, with a delivery period of more than one year, the BGH website specialized instrument for submitting a trade notification to BTG's IT system should be used.

3.6. Price Formation

Reference prices

The reference price will be published for all products. The system will automatically signal the Market Surveillance Unit in case of transactions at a price below or above the reference price for the relevant day +/- a BGH percent set in the range of 5 to 15% in view of preventing possible market manipulations and errors.

The minimum, maximum and last traded prices will be published on a continuous basis.

Methodology setting the reference price

BGH publishes End of Day (EOD) type reference prices. The method for setting BGH reference prices is described in the relevant Market Notice defined by BGH.

Marginal prices

The marginal prices for the respective gas day are calculated as a combination of all title products of both Virtual Trading Points:

- ✓ National gas transmission network
- ✓ Gas transmission network for transit transmission

There are always two marginal prices calculated:

- ✓ Natural gas price from balancing in case of positive imbalance P_{NGB}^P
- ✓ Natural gas price for balancing in case of negative imbalance P_{NGB}^N

The Marginal prices are always calculated of all trades in all title products at both VTPs concerning a gas day. That means that the marginal price could be first created from the DA/Weekend product and can change via time with trades at the WD and NH product until final marginal prices are set.

The marginal prices are calculated as follows:

Natural gas price from balancing in case of positive imbalance P_{NGB}^P of the day D is equal to the lower of the following values:



- the lowest price of all trades where the TSO is a party for the relevant gas day
- the value generated according to the formula (min. of 3 trades):

$$\frac{\sum_i^n P_i \cdot V_i}{\sum_i^n V_i} - SA \cdot \frac{\sum_i^n P_i \cdot V_i}{\sum_i^n V_i}$$

where:

P_i – price reported as per the i^{th} trade for the day BGN/MWh

V_i - volume reported of the i^{th} trade for the day MWh

SA – small adjustment (currently 8%, parameter is changeable at the platform by BGH user, setting the % and time period)

- Natural gas price for balancing in case of negative imbalance P_{NGB}^N for the day D is equal to the higher of the following values:
 - the highest price of all trades where the TSO is a party for the relevant gas day
 - the value generated according to the formulae (min. 3 Trades):

$$\frac{\sum_i^n P_i \cdot V_i}{\sum_i^n V_i} + SA \cdot \frac{\sum_i^n P_i \cdot V_i}{\sum_i^n V_i}$$

where:

P_i – price reported as per the i^{th} trade for the day BGN/MWh

V_i - volume reported of the i^{th} trade for the day MWh

SA – small adjustment (currently 8%, parameter is changeable at the platform by BGH user, setting the % and time period)

- In case of non-performance of 3 transactions with cumulative volume no less than 3000 MWh and the TSO has not concluded any transactions, the BAL NC Article 22, paragraph 4 applies and the prices shall be determined as follows:

- Natural gas price for balancing in case of positive imbalance

$$P_{NGB}^P = P_{pp} - SA \cdot P_{pp}$$

- Natural gas price for balancing in case of negative imbalance

$$P_{NGB}^N = P_{pp} + SA \cdot P_{pp}$$

where:

P_{pp} natural gas selling price as approved to the public provider to sell natural gas to end suppliers and clients, connected to the gas transmission network, applicable for the relevant day, where the capacity and commodity price is not included. P_{pp} fixed price by NRA, changeable by BGH with a certain time period.

SA – small adjustment (currently 8%, parameter is changeable at the platform by BGH user, setting the % and time period)



3.7. Cancellation of trades on the long-term segment

BGH can cancel trades on the long-term segment in the following instances:



Once a trade is confirmed as to be applicable with the cancellation rules, the trade will be cancelled without the consent of the CP (although CP will be informed of such cancellation);



In case both parties agree which may be as well after the period of cancellation by means of a telephone call and confirmation by e-mail to the following address: admin@balkangashub.bg

In the event of a manifest error (wrong entry), BGH Members may request BGH to cancel the Order and after the 10-minute period with default cancellation if the counterparty accepts the cancellation and against payment of the fee specified in the Price List as published on Balkan Gas Hub website.

According to the Code of Conduct and fair-trade principles the following cases are considered as error:



the entered price refers to another product traded on BGH;



the price digits are shifted compared to the market price;



the digits of the price are swapped compared to the common market price;



the limit price of a sell Order is more than 15% lower than the last traded prices, if not trades for the current day, use the previous day price;



the limit price of a buy Order is more than 15% higher than the last traded prices, if not trades for the current day, use the previous day price;



the trade price differs more than 15% compared to the common market price at BGH

Cancellation is possible only on working days for BGH and within the time window from 10:00 am up to 4:00 pm. Cancellations are not possible for trades concluded on the short-term segment.

3.8. Physical Execution of Concluded Transactions

BTG as a TSO provides the transmission according to the submitted transaction notifications except for the cases where one or more counterparties under a given transaction failed to buy the necessary capacities for transmission.

3.9. Financial Services and Credit Risk Management Mechanisms

3.9.1. Credit Risk Management

Trayport Joule shall offer to BGH Members a risk management mechanism by the selection of products with which trade with CP can be carried out as well as a period of time when trade



with the respective products can be carried out. Furthermore BGH Members can choose with which other market participants (a list of all participants has been published in Section „Members“ on BGH website) they want to trade and with which products/which period based on a credit matrix filled in by them and sent electronically to BGH (Annex 6). The credit matrix shall be sent to BGH only on working days to admin@balkangashub.bg. No BGH Member shall have the right to indicate fewer than two potential CPs with whom they have the right to trade at least one product for a given day, otherwise their trading rights shall be withdrawn for this day. In case a BGH Member shall fail to send the filled in credit matrix, it shall be thought that the BGH Member is not limited to trade with the remaining platforms members by the time they send such matrix.

Within the credit matrix, against every participant, the Member may determine:

Y – I trade with this participant with no limitation;

N - I do not trade with this participant;

Name of product and period - I trade with this participant only with this type of products and within the indicated time limits (for instance DA, 1.1.2020-31.1.2020).

In the event that BGH is notified of a systematically delayed payment of a Member to its counterparties, the membership of this Member shall be terminated without any defaults or liability due to them by BGH.

4. General Terms of Services

4.1. Market Activity

4.1.1. Services providers and subcontractors

BGH and any BGH Member accept that the other may engage one or more service providers or subcontractors of its choosing to perform the provisions of the BGH Market Rules.

Under all circumstances, the party that engages a subcontractor or service provider shall remain liable for the performance of its obligations and as well as for the compliance with the BGH Market Rules, particularly the clauses governing confidentiality and liability.

A BGH Member that engages a service provider or a subcontractor hereby agrees to introduce provisions into the agreements binding it to the service provider or subcontractor whereby the service provider or subcontractor must at all times fulfil their obligations under these Market Rules in all cases when these are applicable to their engagement with BGH-related activities.

4.2 Use of Technical Systems

4.2.1. BGH Member equipment

The BGH Member agrees to maintain a hardware and software environment that complies with the technical specifications required for the functioning of Trayport Joule. Upon initial registration BGH shall submit these requirements to the Member.

The BGH Member must ensure that the characteristics of its hardware and software environment will not disrupt or interfere with BGH's or Trayport systems.

In the event that the BGH Member's use of services disrupts the operation of the trading



systems of BGH, BGH shall contact the BGH Member in order to terminate such disruptions. If these disruptions cannot be terminated within a reasonable time period, or if they endanger the trading system of BGH, BGH reserves the right to suspend the BGH Member's access to the trading platform. Under all circumstances, the BGH Member agrees to take all necessary steps to comply with the technical specifications.

4.2.2. BGH Member's use of the systems

The BGH Member agrees to use the services offered by BGH and the technical system insofar this is done in accordance with the BGH Market Rules and the applicable legal and regulatory framework. BGH Members shall not, in any form, make BGH services available to third parties not authorized under the BGH Market Rules.

The BGH Member agrees to seek and abide by the legal, regulatory, administrative and contractual authorizations arising from the applicable domestic or foreign laws or international law pertaining to the use of the services offered by BGH.

4.2.3. Security measures

BGH and the BGH Member agree to respect the physical and logical security measures intended to protect the integrity of the other party's systems. Each party retains full control, either directly or indirectly, over the design and implementation of its policy of administering authorizations for logical access to the network.

In particular, regarding to system access, each party will take personal responsibility for organizing any internal logical and physical security measures, including restriction of access to the site in which its equipment is located, in order to protect its access codes from unauthorized third parties.

BGH EAD and BGH Members shall put in place back-up procedures for instructions, data and files.

In the event of a malfunction in the trading system that could impact a BGH Member, BGH shall inform the respective BGH Member of the nature and probable duration of such malfunction. The alternative measures to be used by the BGH Member in the event of a prolonged service interruption are described in Section 3.4.3 of these Market Rules.

4.2.4. Internet Use and System Maintenance

Each of BGH and the BGH Member are responsible for maintaining the systems that they use and all the information transmitted between the two systems is transmitted over the Internet.

As a regard whereof, both parties agree that they are responsible for their choice of IT service providers and IT systems, in particular, their respective Internet access providers. They therefore hold one another harmless for the consequences of the acts or defaults of such providers.

BGH and BHG Members do not hold one another responsible for the absence of data transmission or for the degradation of data occurring between the time they are transmitted by the BGH Member and the time they are received by BGH and vice versa.

BGH and BGH Members are responsible for taking the appropriate measures to protect their own data, software and hardware from unauthorized third-party access and contamination by



computer viruses or other damages caused by unauthorized breaches of their systems. If a party observes that the systems have been penetrated by an unauthorized third party, it shall alert the other party in an effort to seek the cause of such penetration and to take appropriate solutions.

4.2.5. Intellectual Property and License

BGH guarantees that it owns all rights and licenses necessary for using the trading and order transmission systems.

BGH and all BGH Members shall retain ownership of the documents, data and information of any sort that is transmitted to the other party under this agreement and to which either party may have access.

The BGH Member guarantees that it holds the authorizations, property rights and license contracts for all the configurations, firmware and software needed for trading.

For cases where a software application used by the BGH Member to access BGH requires a license or an equivalent right, the provisions pertaining to such license or right are appended to the BGH Market Rules or are provided by BGH to the BGH Member and must be adhered to by the BGH Member.

The BGH Member undertakes to respect the intellectual property rights of BGH and of all third parties providing a system or software application needed to access BGH. To this end, the BGH Member shall take all reasonable measures as regards its staff and third parties to protect said rights and, in particular, shall refrain from altering references to property rights and copyright specified on the materials supplied by BGH. The BGH Member can neither remove nor modify references to copyright, trademarks, trade names or any other signs of intellectual property.

4.3 Use of Market Data

4.3.1. Access to Market Data

Eligible BGH Members shall have access to commercial data in line with the description of Annex 5, as well as to aggregated market data published on the BGH website.

4.3.2. Ownership

BGH is the sole owner of the Market Data resulting from Transactions on BGH Market (including but not limited to the BGH Spot reference prices). Especially, BGH is entitled to use the trading volumes generated by the BGH Member for statistical purposes, inter alia. Such statistics may be made public. In this case, BGH agrees to ensure that members remain anonymous. If the BGH Member uses an external service provider in connection with its activities on BGH, it undertakes to introduce the above provision into its contractual relations with the said service provider.

4.3.3. Dissemination of Market Data

The BGH Member shall use Market Data solely for the purpose of trading on BGH and for its own requirements. If the BGH Member wishes to disseminate Market Data to third parties, it cannot do so without having signed a special contract with BGH.

If a non BGH Member third party intends to incorporate BGH's Market Data in any manner into



products or services traded on an energy exchange or equivalent facility, it shall conclude a special contract with BGH on the use of the Market Data.

4.3.4. Information Providing and Commercial references

Each party authorizes the other to quote its corporate name or trading name or display its logo or trademark as a commercial reference.

BGH agrees not to disclose information about the BGH Member's individual activity on the market nor to disseminate such information to a third party, with the exception of entities or other institutions directly involved in performing the duties and responsibilities arising from the Market Rules (such as for instance, clearing institutions or the supervisory authorities) provided that such dissemination stems from the enforcement of the BGH Market Rules or other governing legislation. In the abovementioned cases, all information must be treated as highly confidential and must be used for the original purpose it was provided.

4.3.5. Data Protection

BGH shall imply its best efforts to protect strictly any and all personal and confidential data and to observe the applicable regulations and the EU Data Protection Regulation (EU 2016/679). BGH shall process and store personal data within the scope and solely in connection with the fulfilment of its contractual obligations in relation to the BGH Market. Legal basis for processing the data are these Market Rules and any signed Agreements thereto. BGH shall be authorized to store, process, and transfer any information and data of customers or third parties only for the proper performance of the BGH Market.

4.4. Liability and Jurisdiction

4.4.1. Principle

BGH and the BGH Member are liable for direct economic damages incurred by the other party:



in the event of negligence, wilful default or fraud by either party where the damages originate directly from the non-performance of an obligation incumbent on the party under the Market Rules and the Membership Agreement;



in the other circumstances expressly provided for in the BGH Market Rules.

4.4.2. Limitation of Liability

Neither party shall seek to render the other liable for compensation for the harmful consequences of:



force majeure, where force majeure is an unforeseen or unavoidable event of extraordinary nature, having occurred after the conclusion of the contract beyond the will of the parties, which is in a causal connection with the non-performance or the delay in performance;



malfunctions of a service used by the other party, attributable to circumstances beyond its control and arising in particular from the unavailability, failure or interruption of telecommunications networks or from constraints or limits imposed by



telecommunications operators or other service providers;



inaccuracy, partial or total unavailability or incompleteness of technical information or data originating from third parties which is not due to limitations of systems and operations of the parties;



degradation of computerized data during transfer over the Internet, which is not due to deficiencies of the computer hardware or software or Internet speed used by BGH Member and BGH.

4.4.3. Liability of BGH Member

The BGH Member is liable for improper use of the services offered by BGH under the Membership Agreement and more specifically in case of.



non-compliance with the provisions of the Rules and Regulations of BGH and their Annexes;



discredit to the image or reputation of BGH or the platform or any other BGH member, either directly or indirectly;



fake transactions, market manipulations, violations of the anti-monopoly legislation of Bulgaria and/or the EU which distort the respective market .

4.4.4. Liability of BGH

BGH only accepts liability for damages resulting from the use of the BGH trading systems if and as far as this results from gross negligence or actions of intent committed by its organs or employees which should be proven by an independent party. Over and above this, BGH shall only be liable for the careful operation of the system used for trading in accordance with BGH market rules.

BGH shall in no way be held liable for the harmful consequences of the following:



impossibility or difficulty for the BGH Member to access BGH's trading systems owing to access hardware or equipment for which the BGH Member or a third party is responsible;



indirect damage, such as commercial damage, loss of business, commercial disruption of any kind, loss of earnings attributable inter alia to the absence of order communication or processing, it being understood that any legal proceedings taken against the BGH Member by a third party constitute indirect damage, which does not therefore confer a right to compensation. The parties expressly agree that the BGH Member guarantees BGH against any action or complaint or legal proceedings initiated by a third party and shall hold it harmless for any judgement against it and any compensation to be paid, regardless of the basis and nature of such action or complaint;



objection to a trade executed by the BGH Member, where such objection is raised following the cancellation period;



in the case of force majeure affecting delivery such events include those considered as force majeure under the present Market Rules.

Whatever the circumstances, should BGH incur liability, the parties expressly agree that the total compensation shall not exceed fifty thousand euro (EUR 50,000) annually all events included for all BGH Members. BGH Members expressly guarantee they will not seek any additional compensation beyond the respective pro rata share.

4.4.5. Jurisdiction and Dispute Resolution

Any disputes arising out of or in connection with the validity, interpretation, performance, non-performance or termination of the Rules and the agreements signed, shall be settled with negotiations between the two parties. In the event that no agreement is being reached within 30 days after one of the parties has been informed by the other about the subject of the dispute, the latter can refer it to the Arbitration court with the Bulgarian Chamber of Commerce and Industry. The place of jurisdiction shall be Sofia, Bulgaria, and the language shall be Bulgarian, unless the Parties agree otherwise beforehand.

4.5. Miscellaneous

4.5.1. Representations and warranties

The BGH Member acknowledges that it has taken note of:



all statutory regulatory acts, as well as the regulations and network codes in force in the EU pertaining to its business;



the contractual documents;



all other documents and or communication sent to it by BGH by whatever means.

Applicants and BGH Members give the warranties and representations provided in the Membership Agreement at the time of their application and renew these at all times during which they are Members of the BGH.

The BGH Member agrees to share any information with BGH and pass on to BGH any document that could help BGH to identify potential infringement of the BGH Market Rules which might be detrimental for the functioning of trading and market activity.

4.5.2. Confidentiality

Any information and data obtained in the process of using the platform as a member or through performance of signed agreements, is strictly confidential and neither party shall disclose it to third parties without the prior knowledge and written consent of the other party. In particular, each party agrees to respect trade secrets information related to the party's business, commercial policy, industrial strategy, management or organizational plans, computer applications, concepts, ideas, know-how and techniques and, in general, any information or document of a financial, economic, technical, commercial or social nature.

Each party is entitled to communicate:



To its services providers or subcontractors: the information received from the other party that is strictly necessary to the provisions of their services, provided they have similar clause in their contracts;



To competent authorities: the information that such authorities may request under applicable laws or regulations or the Rules and Regulations of BGH.

The provisions of this article shall remain in force, including after termination of the Membership Agreement, for a period of five years.

4.6. Introduction of restrictive regime/temporary limitation of natural gas supply

If a restrictive regime/temporary limitation of natural gas supply is introduced, the following shall apply: the provisions of the Energy Act and the regulatory framework, and the provisions of Regulation (EC) 2017/1938 of the European Parliament and of the Council of 25 October 2017 concerning measures to safeguard the security of gas supply and repealing Regulation (EU) No 994/2010. In such a case, BGH operation may be suspended and/or limited including with regard to trade/supply at specific physical points and/or VTP. The settlement of trade relations in such cases shall be carried out according to the procedures described in the Energy Act and the regulatory framework, as well as the provisions of Regulation (EU) 2017/1938.

5. Code of Conduct

5.1. Preamble

These rules of conduct are applicable to both BGH and BGH Members. The BGH Code of Conduct is based on the fundamental principle of the joint responsibility of BGH and its Members for establishing a fair and transparent natural gas market on top of the responsibility each single company bears.

These rules are aimed at supporting the regional natural gas trading by additional provisions, considering the market's need for a uniform and internationally harmonized control system. These rules are intended to strengthen the confidence which the market and the public have in the organized market of BGH, its pricing mechanisms and the reference character of the BGH Market prices.

5.2. Scope of Application

5.2.1. Scope of Application

The BGH Code of Conduct is applicable to the BGH itself, all BGH Members and Traders authorized to trade on BGH market and is binding for all parties involved.

5.2.2 Legal Classification

The BGH Code of Conduct is an integral part of the BGH Market Rules.

The BGH Code of Conduct does not release the BGH Members from the obligation to comply with the provisions in other documents composing the BGH Market Rules and Regulations and agreements signed.



5.3 Terms & Definitions

For the purposes of this Code of Conduct the following definitions shall apply:

Insider Information means information of a precise nature which has not been made public, which has been obtained due to signed agreements and which relates, directly or indirectly, to one or more Physical natural gas contracts and which, if it were made public, would be likely to significantly affect the prices of those Contracts. Trading on insider information is seen as an unfair manipulation of the free market to give preference to specific parties. It undermines general investor confidence in the integrity of the market and can dampen economic growth.

Market Manipulation means generally the act of artificially inflating or deflating the price of a commodity or otherwise influencing the behaviour of the market for personal gain. For the purpose of the present Rules, Market Manipulation means more specifically:

1. entering into any transaction or issuing any order to trade which:
 - i. gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of natural gas contracts;
 - ii. secures or attempts to secure, by a person, or persons acting in collaboration, the price of one or several natural gas contracts at an artificial level, unless the person who executed the Transaction or issued the order to trade establishes by factual evidences that his reasons for doing so are legitimate and that that transaction or order to trade conforms to accepted market practices on BGH Market; or
 - iii. employs or attempts to employ a fictitious device or any other form of deception or contrivance which gives, or is likely to give, false or misleading signals to the market regarding the supply of, demand for, or price of Physical natural gas contracts.
2. disseminating information through the media, including the internet, or by any other means, including but not limited to sharing such information at meetings of associations or informal gatherings, which gives, or is likely to give, false or misleading signals as to the offer of, demand for, or price of natural gas contracts, including the dissemination of rumours and false or misleading news, where the disseminating person knew, or ought to have known that the information was false or misleading ("**Price Positioning Behaviour**").

5.4. Rules of Conduct for Trading on BGH TP

When trading on the BGH TP by sending Orders for their own account or for the account of a Third Party Client, BGH Members are required to:



comply with the general principles of market integrity, honesty and good conduct;



comply with the rules and instructions of any competent supervisory authorities, together with the Market Rules of BGH.

All Orders submitted on the BGH Market must have a due economic justification. BGH is entitled to investigate the existence of such justification by requesting explanations or supporting documents, contracts and financial statement from the beneficiary of such Orders.



5.4.1. Prohibition of Market Manipulation

5.4.1.1. Principles

Any engagement in or Attempt to engage in Market Manipulation with respect to a Contract is prohibited.

This prohibition includes, without limitation:



Any kind of false or misleading behaviour;



Any kind of collusions or the collusive cooperation of BGH Members among each other or with third parties;



Any kind of Price Positioning Behaviour.

The BGH Members commit to fairness towards BGH and the other BGH Members. They shall only conclude Transactions on BGH markets in compliance with the customary trade practices and the principles and ethics of professional market traders.

5.4.1.2. Prohibition of false and misleading behaviours

BGH Members are especially forbidden to:



Enter orders without a due economic justification.



Place orders with no intention to execute.



Give false or misleading signals as to the offer of, demand for, or price of physical natural gas contracts;



Employ a fictitious device or any other form of deception or contrivance which gives, or is likely to give, false or misleading signals regarding the offer of, demand for, or price of wholesale physical natural gas contracts;



Disseminate false or misleading market information through media, including the internet or by any other means.

5.4.1.3. Prohibition of collusion or collusive cooperation

BGH Members are especially forbidden to:



Submit buy or sell orders at the same time (or nearly the same time) for the same price and quantity (i.e. pre-arranged trades).



Enter into arrangements for the sale or purchase of a wholesale physical natural gas contract where there is either no change in beneficial interests or market risk or enter into arrangement where the transfer of beneficial interest or market risk is only between parties who are acting in concert or collusion.



5.4.1.4. Prohibition of Price Positioning Behaviours

BGH Members are especially forbidden to:



Secure the price of one or several physical natural gas contracts at an artificial level, unless the person who entered into the transaction or issued the order to trade establishes by factual evidences that his reasons for doing so are legitimate and that that transaction or order to trade conforms to accepted market practices on the wholesale energy market concerned;



Artificially cause prices to be at a level not justified by market forces of supply and demand, including by the actual production, availability of transportation capacity and demand.

5.4.1.5. Alternative procedures

If alternative procedures are established to determine indexes, all participants in these procedures in which the fair market value is established shall express their position at their own discretion and free from any self-interest.

5.4.2. Transparency Requirements

5.4.2.1. Prohibition of Insider Trading

BGH Members or their authorised Traders who possess inside information in relation to signed contracts shall be prohibited from:



using that information by acquiring or disseminating, or by trying to acquire or disseminate, for their own account or for the account of a third party, either directly or indirectly, signed contracts to which that information relates;



disclosing that information to any other person unless such disclosure is made in the normal course of the exercise of their employment, profession or duties;



recommending or inducing another person, on the basis of inside information, to acquire or dispose of physical natural gas contracts traded on BGH to which that information relates.

5.4.2.2. Transparency Commitment

The BGH Members support and comply with all current and newly introduced measures for transaction transparency and thus foster BGH in further developing a secure, non-discriminatory and transparent trade on the BGH organised market.

5.4.2.3. Qualification of Traders

The BGH Member shall ensure that the authorised traders are sufficiently qualified and obliged to comply with BGH Market Rules, including this BGH Code of Conduct.

5.5. Conduct of BGH Members and authorised Traders towards Third Party Clients

5.5.1. General Rules of Conduct



The provisions of this section apply to BGH Members and the respective authorised Traders who carry out Third Party Clients' orders directly or indirectly on the BGH Market.

The BGH Members are obliged to provide their services in connection with BGH trading with the required professional care and conscientiousness in the interest of their clients at all times, and to endeavour to avoid conflicts of interests. Where conflicts of interest arise, they should be adequately resolved in accordance with the principles of fair conduct and professionalism.

All the information which BGH Member make accessible to its Third party Clients has to be honest, unambiguous and such information must not be misleading or manipulative.

As a rule, any introduction of a Third party Client orders should serve entirely the interest of the client and should have the same result as if the individual order would have been directly submitted to the BGH Market for execution.

Members intervening on the account of a Third Party Client are required to communicate the Market Rules to such clients and to inform the BGH of any failure that they learn of by one of their Third Party Clients to respect the Market Rules.

In compliance with the commitments taken towards BGH when authorised to intervene for the account of a Third Party Client, BGH Members must have adequate procedures and controls in place in order to ensure the respect of the Market Rules by its Third Party Client.

The Member who intervenes for the account of a Third Party Client must inform BGH as soon as possible when a failure to comply with the Market Rules by one of its Third Party Clients, or as soon as it becomes aware of an activity conducted by one of its Third Party Clients which does not seem to comply with the Market Rules.

The BGH Member who intervenes for the account of a Third Party Client must ensure that it possesses adequate means of control and adequate procedures allowing it to identify any activity conducted by one of its Third Party Clients which would not comply with the Market Rules.

5.5.2. Processing Third Party Client Orders

Upon the execution of Third Party Client orders, BGH Members shall be responsible for the following:



Third Party Client orders are executed on the BGH Market forthwith, in particular, without favour compared to other Third Party Client orders or own interests of BGH Members,



Comparable Third Party Client orders are executed or forwarded in accordance with the sequence, in which they were received,



the interests of all Third Party Clients are preserved when combining orders of Third Party Clients;



Any misuse of information in connection with Third party Client orders which have not yet been carried out is prevented.



5.6. Instructions, Information and Penalties

5.6.1. Instructions

The BGH Member and Traders authorized to trade on BGH market are obliged to comply with the instructions and rules by the relevant supervisory authorities, as well as BGH itself and in particular BGH Market Surveillance Unit.

In case BGH Member or Traders authorized to trade on the BGH Market violate existing provisions or fail to comply with instructions, they can be temporarily suspended from trading on BGH Market by BGH in accordance with the more detail provisions contained in the Market Rules or they can be banned from dealing with client's orders.

5.6.2 Information Rights

BGH Market Surveillance Unit is entitled to request information and the submission of documents from any BGH Member and to carry out inspections as far as this is required for the performance of its tasks.

The relevant Market Surveillance Unit can request information from everyone including the request of submission of documents and the surrender of copies, summon and interview persons in case there are indications substantiating the assumption that provisions or instructions under laws applicable to trading on BGH Market are violated or that there are other grievances which might affect the proper execution of trading on BGH Market or the settlement of transactions traded on BGH.

5.6.3. Penalties

In case BGH Member and Users authorized to trade on the BGH Market violate existing rules, fail to comply with lawful instructions by BGH or fail to respect a request for information by the BGH Market Surveillance, they may not be allowed to trade on the BGH market and/or with customer's orders.

This provision does not exclude penalties on the grounds of other provisions.

5.7. Market Surveillance

5.7.1. Market Surveillance Unit

The Market Surveillance Unit ensures fulfilment of the obligations arising therefrom Regulation (EU) 1227/2011. BGH creates an Independent Market Surveillance Unit as part of its operational personnel.

5.7.2. Independency of Members of the Market Surveillance Unit

Members of the Market Surveillance Unit are independent in their decisions and how they organize and perform their duties. In particular, they may reject orders from BGH in their own discretion if such orders interfere with their tasks as Markets Surveillance members, in accordance with predefined rules and algorithms.

Responsibilities Related to the Market Surveillance

The Market Surveillance Unit monitors the orderly and compliant trading on the BGH Market and the orderly settlement of Transactions and ensures posteriori (on the basis of known facts or past events) that BGH Members behave in accordance with the BGH Market Rules and



Regulations. BGH Members undertake to submit data to the BGH Market Surveillance Unit upon its request concerning any information of settlement of Transactions concluded by them on the BGH market. The recipient shall treat these data as highly confidential and shall be obliged to keep confidentiality.

The Market Surveillance Unit shall systematically and completely record and evaluate data regarding trading on BGH market and the settlement of transactions and shall conduct any necessary investigations within the scope of their competence.

If the Market Surveillance establishes facts justifying the conclusion that violations of BGH Rules and Regulations or applicable Bulgarian or European Union law provisions, or BGH orders are occurring, or that other irregularities exist which may impair the orderly conduct of trading on BGH or the settlement of traded transactions, it shall promptly notify the Executive Director of BGH, and the Bulgarian Regulatory authority - EWRC, if necessary.

Powers of the Market Surveillance Unit

For performance of its duties, the Market Surveillance Unit can conduct special investigations, and if necessary, require from BGH members and their traders:



disclosure of information and documents;



to carry out inspections;



disclosure of the economic beneficiary of the transactions.

The Market Surveillance Unit is not authorized to impose penalties. It can only inform the institutions responsible for sanctioning, e.g. the Executive Director of BGH.

Reporting to the BGH Management

The BGH Market Surveillance Unit reports on a regular basis or upon a request to the BGH Executive Director and the Board of Directors.

Sharing Information with the Market Surveillance Unit

BGH cooperates fully with the National Regulatory Authority (EWRC) in order to ensure regulated, efficient and transparent trading.

According to Article 15 of Regulation (EU) 1227/2011 of the European Parliament and of the Council, any person professionally arranging transactions in wholesale energy products who reasonably suspects that a transaction might breach the prohibition of market manipulation shall notify the national regulatory authority without further delay. With respect to the BGH Organised Market, BGH EAD takes on the obligation to immediately inform the EWRC in cases of suspicious or prohibited behaviour of BGH Members.

The Market Surveillance Unit may transmit data with respect to the execution of transactions to the Regulatory authority, as the authority which is responsible for monitoring natural gas trading in Bulgaria and receive data from them, to the extent that this is necessary to ensure the orderly conduct of trading and the settlement of transactions.

Such data may only be transmitted to the unit if its representatives and the persons commissioned by them are bound by an obligation of confidentiality. The Regulatory authority



representatives may also use the information only for that purpose for which it was provided.

6. REMIT Organized Market Reporting

Options for REMIT reporting of the transactions by BGH will be published on the BGH website under section "Products and Services".



Annex 1: Definitions

“**ACER**” or the “**Agency for the Cooperation of Energy Regulators**” was established by the Third Energy Package to further progress the strengthening of the internal EU energy market for both electricity and natural gas. Its role is to foster cooperation among European energy regulators, and work towards market integration and the harmonization of regulatory frameworks to achieve the EU’s energy policy objectives.

“**Applicants**” means legal persons who are in the process of applying for BGH Membership to be admitted as Members.

“**ARIS**” means the ACER REMIT Information System.

“**Balancing Contract**” is a contract for natural gas purchase and sale for balancing which a network user/trader concludes/has concluded with the TSO in view of clearing its daily imbalances.

“**BGH Market**” means a fully electronic, organized market, provided on the natural gas TP where participants/members can trade with short-term and/or long-term products for natural gas delivery in Bulgaria, and BGH may also offer other products and services.

“**BGH Market Rules**” or “**BGH Natural Gas Trading Platform Rules**” are the rules by which the BGH provides services to Members, and Members trade on the TP and which all Parties agree to comply with.

“**Balancing Rules**” means Natural Gas Market Balancing Rules adopted by the EWRC.

“**Trading Rules**” means the Natural Gas trading rules adopted by the EWRC.

“**Clearing House**” means a financial institution formed to facilitate the exchange (that is, the clearance) of payments, securities, or derivative transactions. It is a counterparty in a transaction between two TP members in order to reduce the risk of either party failing to meet its payment and financial settlement obligations.

“**Contract(s)**” mean contracts for purchase or sale of natural gas traded on the TP as defined under the Market Rules and Market Notices (if applicable).

“**CP**” means a “**counterparty**” to a trade on the TP (being a buyer or seller).

“**DSO**” or “**Distribution System Operator**” means a company holding a license for the operation and maintenance of a gas distribution network.

“**EWRC**” means Energy and Water Regulatory Commission in Bulgaria, a public independent administration body which has various functions including licensing and supervision of electricity, natural gas, and water utility companies.



“Gas Day” means a period of twenty-four (24) hours, starting at 7:00 am local time on the relevant day. The current gas day is designated D. The previous gas day is designated D-1.

“Members” means legal persons who have applied as Applicants and been approved by BGH to trade on the BGH TP.

“Membership Agreement” means an agreement between BGH and Members, governing access to the TP, including the requirements and procedure to trade Contracts.

“NC BAL” or **“Regulation (EU) 312/2014”** means the Commission Regulation (EU) 312/2014 of 26 March 2014 establishing a Network Code on Gas Balancing of Transmission Networks.

“NGTN” means the Bulgarian national gas transmission network, whose main function is natural gas transmission to customers located within Bulgaria and connected to the network, and also connected to various exit points within Bulgaria. The NNGTN is owned and operated by Bulgartransgaz EAD.

“GTNTT” or **“Natural Gas Transit Transmission Network”** means the Bulgarian Gas Transmission Network for Transit Transmission whose main purpose is to enable natural gas transit transmission from the Bulgarian-Romanian border to Bulgaria’s borders with Turkey, Greece and Macedonia. It is also used for natural gas transmission to customers located within Bulgaria and connected to the networks, and also connected to various exit points within Bulgaria. The GTNTT is owned by Bulgartransgaz EAD.

“Liquidity Provider” means a person having concluded an agreement with the operator of the natural gas exchange market for demand and supply of natural gas for the purpose of providing liquidity of the natural gas exchange market.

“Locational Point” or **“LP”** means a physical interconnection point in the network, where locational products are traded.

“Market Maker” or **“Participant making the market”** means a person having concluded an agreement with the operator of the natural gas exchange market for demand and supply of natural gas quantities for the purpose of providing liquidity of the natural gas exchange market and forming price signals.

“Market Participant” or **“MP”** means a company present on the BGH Market in its capacity as a buyer or seller (or both) that enters into transactions in natural gas on a market-based principle on the BGH Market.

“OMP” or **“Organized Market Place”** means (a) a multilateral system, which brings together or facilitates the bringing together of multiple third party buying and selling interests in wholesale energy products in a way that results in a contract; (b) any other system or facility in which multiple third-party buying and selling interests in wholesale energy products are able to interact in a way that results in a contract. These include electricity and gas exchanges, brokers and other persons professionally arranging transactions, and trading venues as defined in Article 4 of Directive 2014/65/EU of the European Parliament and of the Council.



“Order” means an electronic document by which the Member submits the price and the quantity for which it seeks to make a Transaction in a Contract.

“REMIT” means Regulation (EU) No. 1227/2011 on wholesale energy market integrity and transparency, being an EU regulation designed to increase the transparency and stability of the European energy markets while combating insider trading and market manipulation. It enforces an obligation to report trades in certain circumstances.

“REMIT IR” or **“REMIT Implementing Regulation”** means Commission Implementing Regulation (EU) No. 1348/2014 of 17 December 2014 on data reporting implementing Article 8(2) and Article 8(6) of Regulation (EU) No 1227/2011 of the European Parliament and of the Council on wholesale energy market integrity and transparency.

“Rules for Access” means EWRC’s Rules for granting access to gas transmission and/or gas distribution networks and access to natural gas storage facilities.

“STSP” or **“Short Term Standardized Product”** means a continuously traded short-term standardized product traded on a TP.

“TP” or **“Trading Platform”** means an electronic platform provided and operated by a trading platform operator by means of which trading participants may post and accept, including the right to revise and withdraw, bids and offers for natural gas required to meet short term fluctuations in natural gas demand or supply, in accordance with the terms and conditions applicable on the TP and at which the TSO trades for the purpose of undertaking balancing actions.

“Trader” means a person nominated by a Member to trade on the TP on their behalf and/or acting under their authority for the Member’s own account (own transactions) or in the Member’s own name for the account of a third party.

“Trading Calendar” means a calendar, published on the BGH website, identifying trading and non-trading days (including public holidays) and displaying information about the tradeable products, including starting dates and specific products to which they apply.

“TSO” or **“Transmission System Operator”** means a physical or legal entity who carries out the transmission activity and who is responsible for operating, ensuring the maintenance of, and, if necessary, developing the gas transmission system in a given area and, where applicable, its interconnections with other systems, by ensuring the long-term ability of the system to meet reasonable demands for the transport of natural gas. With respect to the BGH, the TSO is Bulgartransgaz.

“VTP” or **“Virtual Trading Point”** means a notional point at which market participants can trade natural gas within a relevant market area, and in the context of the BGH means the NNGTN or a market located within the NNGTN Balancing Zone.

BALKAN GAS HUB TRADING PLATFORM MEMBERSHIP AGREEMENT

Today, by and between:

Balkan Gas Hub EAD, having its registered seat at 66, Pancho Vladigerov Blvd., Lyulin, 1336 Sofia, Bulgaria and registered in the Commercial Register of the Republic of Bulgaria with UIC 205478458, VAT NoBG205478458, duly represented by Kiril Ravnachki - Executive Director, hereinafter "**BGH**"

and

_____ a company, incorporated under the laws of _____, having its registered seat at _____ registered on the Commercial Registry in _____ under _____ VAT identification number _____ duly represented by _____

hereinafter called "**the Applicant**"),

hereinafter jointly referred to as "**the Parties**",

WHEREAS:

- Balkan Gas Hub EAD is a natural gas trading platform operator on the grounds of Decision NO 209 / 29.11.2019 of the EWRC;
- The Applicant has requested BGH to provide it with access to the BGH trading platform (Short Term Segment and Long Term Segment) and to participate on its own behalf and/or on behalf of Third Parties as defined in the Balkan Gas Hub EAD Trading Platform Rules and its Appendices (the "**Market Rules**");
- The present Balkan Gas Hub Trading Platform Membership Agreement ("**Membership Agreement**" / "**Agreement**") enters into force on the day of its signing by both Parties,

The Parties hereby agree as follows:

1. SUBJECT OF THE AGREEMENT

1.1. The Applicant requests BGH to provide it with access to the BGH trading platform (Short Term Segment and Long Term Segment) and to participate on its own behalf and/or on behalf of Third Parties as defined in the Balkan Gas Hub EAD Trading Platform Rules and its

Appendices and BGH agrees to provide access to the offered segments in accordance with the terms of this Membership Agreement and the Market Rules.

1.2. The Parties conclude this Membership Agreement and undertake to fulfil in good faith and strictly their obligations - _____ as BGH Member and BGH as a natural gas trading platform operator.

1.3. By signing the present Agreement, the Applicant is admitted to and is registered on the BGH trading platform.

1.4. For any unsettled issues in the present Agreement and in the Balkan Gas Hub EAD Trading Platform Rules the European and national legislation in force shall be applicable.

2. DECLARATIONS

2.1. Balkan Gas Hub EAD declares it has entered into an agreement with Trayport Limited (Trayport) for implementation of the Trayport Exchange Trading System (ETS) for the trading needs of Balkan Gas Hub EAD.

2.2. The trading platform operator declares that this activity is being performed in line with the Energy Act and Commission Regulation (EU) № 312/2014 establishing a Network Code on Gas Balancing of Transmission Network.

2.3. The Applicant guarantees the accuracy and authenticity of the documents and information provided to BGH when requesting access for membership on the natural gas trading platform.

2.4. By signing this Agreement, the Applicant hereby expressly declares that:

- a) the registration form is correctly and duly completed and signed by (an) authorized representative(s);
- b) the documents submitted are up-to-date and issued by a competent authority in accordance with the laws of the jurisdiction in which the respective Applicant is established;
- c) is duly incorporated and exists in accordance with the applicable laws in the jurisdiction of incorporation;
- d) is not subject to an administrative, arbitration or judicial procedure that could result in a material impairment of its business activities or financial condition, loss of assets and/or would adversely affect the validity or proper implementation of the Membership Agreement, Market Rules and applicable legislation in force;
- e) undertakes to take into account and comply with all notices from BGH regarding the functioning of the natural gas trading platform, as well as with published or received communications in the event of emergencies or problems of a technical or other nature;
- f) has the necessary professionally trained human resources necessary for implementation of the commercial activity in line with BGH Market Rules;
- g) meets any technical requirements specified by the BGH;
- h) undertakes to immediately inform BGH of any changes related to the guarantees and declarations presented above.

3. RIGHTS AND OBLIGATIONS OF THE PARTIES

The Parties undertake to strictly follow their obligations under the present Membership Agreement, the Market Rules and the legislation in force.

4. FEES

4.1. The membership fees and the transaction fees, as well as any other applicable fees shall be defined in line with a price list, approved by the Board of Directors of BGH and published on the internet site of BGH.

4.2. The fees as per art. 4.1. shall be payable according to the terms and conditions defined in the Market Rules, to the bank account indicated by Balkan Gas Hub EAD on the basis of a duly issued invoice.

Bank information for Balkan Gas Hub EAD:

Bulgarian-American Credit Bank

SWIFT (BIC): BGUSBGSF

IBAN: BG63BGUS91601006916800 /BGN/

Sofia 1000, 2 Slavyanska Str.

4.3. The Applicant undertakes to check periodically for any eventual changes of the amount of the fees and to pay them in due time.

4.4. If the Applicant fails to pay the fees due within the defined term, BGH shall charge late-payment interest amounting to the Base Interest Rate plus 10%.

4.5. In the event that the Applicant fails to pay the amount due under this Agreement within 10 days as of the payment date, the Operator shall have the right to terminate its participation on the natural gas trading platform.

5. LIABILITY

In the event of default or breach by the Applicant of any of the agreed provisions, BGH reserves the right to impose penalties up to the amount of the membership fee due and/or any other payable fee, including without limitation unilaterally to terminate the Membership Agreement.

6. CONFIDENTIALITY

The Parties agree not to disclose to third parties information acquired as a result of this Agreement, except in cases as stipulated in the applicable regulations and national legislation.

7. TERMINATION

This Agreement shall be terminated:

7.1. by 30 days prior written notice from the Applicant;

7.2. unilaterally by the Operator upon the hypotheses of Art. 4.5 and Art.5.

8. MISCELLANEOUS

8.1. Issues not settled by this Agreement and in the Market Rules will be subject to the rules of the Bulgarian legislation in force, and in the event an agreement has not been reached through negotiation, the non-defaulted party may refer the dispute to the BCCI Arbitration Court in Sofia.

8.2. By signing this Membership Agreement, the Applicant acknowledges that it fully

understands and accepts all terms and conditions under this Agreement and the Market Rules.

8.3. This Agreement is drawn up in two originals in Bulgarian (for the Bulgarian entities) and two originals in English (for the foreign entities).

FOR [NAME OF APPLICANT]

By: *[Insert name of authorised signatory]*
Job title: *[Insert title of authorised signatory]*
Date: *[Insert]*

FOR BALKAN GAS HUB EAD

By: *[Insert name of authorised signatory]*
Job title: *[Insert title of authorised signatory]*
Date: *[Insert]*

REGISTRATION FORM

This form is an integral part of the application documents for BGH Membership and has to be filled out by the Applicant completely. Please note that all fields marked with an asterisk (*) are **mandatory**.

Company details	
Company name (legal entity) *	
Company ID Number*	
VAT ID*	
Energy Identification Code (EIC)*	
ACER Code*	
Address of registration (Country, city, street, PB)*	
Website	
Main Contact Person (Name, phone, email, address)*	

Operational and Commercial Data (If applicable)	
Dispatching (24/7) (Name, phone, email, address)	
Trading/Front Office (Address/ Contact Details)	
Authorized Trader(s)* (Name(s), Contact Details)	

Bank information	
Name of bank*	
Address (Country, city, street, PB)*	
IBAN*	
BIC/SWIFT Code*	
Contact person (phone, email, address)	

Mandatory supplementary documents:

- ✓ signed Membership Agreement in 2 originals;
- ✓ copy of a concluded Balancing Agreement with the TSO; and

- copy of a concluded Contract for VTP use; and/or
- copy of a concluded Contract for access and transport;
- ✓ certificate providing the current legal status of the Applicant or equivalent document in line with the national legislation of the country of its registration (issued no earlier than 30 calendar days before the date of submission of the application for admission to BGH Membership);
- ✓ certificate on the lack of liquidation and insolvency proceedings of the Applicant or equivalent document in line with the national legislation of the country of its registration (issued no earlier than 30 calendar days before the date of submission of the application for admission to BGH Membership);
- ✓ notarized power of attorney if the application for membership is signed by an authorized representative;
- ✓ financial statements of the company for the last 2 fiscal years.

BGH reserves the right to request additional documentation and evidence at its own discretion.

Note: Please make sure that your registration for is complete and complies with the specifications. Incomplete or non-complying registration forms will not be processed.

By signing this registration form, we consent that Balkan Gas Hub EAD shall administer and process all personal data provided by us in accordance with Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation).

By signing this registration form, we consent that Balkan Gas Hub EAD shall report data about the concluded contracts on our behalf to ACER in accordance with Regulation (EU) №1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency.

YES

NO

The BGH Registration Form was completed:

on: _____

by: _____

(Name and signature)

Annex 3: Short-Term Segment (Segment offering short-term products)

1. Eligible products

1.1. Product Specifications

On BGH Market, Spot Segment, short term standardised products (hereinafter “spot products”) are offered pursuant to the requirements of Commission Regulation EU 312/2014 establishing a Network Code on Gas Balancing of Transmission Networks (NC BAL), as follows:

Next Hour (NH)

The next hour (NH) product is classified as a short-term intra-day product. Unless the classical rest of day product, it only allows delivery in one single hour. The parameters of the NH product are:

- ✓ Lead time: 3 hours from the next full hour after the trade
- ✓ Delivery time: 1 hour (according to lead time and maturity)
- ✓ Load Type: Base Load
- ✓ Price Unit: BGN/MWh
- ✓ Trade Mode: Continuous Trading
- ✓ Minimum trade size: 1 MWh/h
- ✓ Trading hours: 24/7
- ✓ Price tick: 0.01 BGN/MWh
- ✓ Maturity: next 24 hours
- ✓ Delivery Points
 - VTP National Gas Transmission Network
 - VTP Gas Transmission Network for Transit Transmission
 - Each Locational Point (BTG initiator only)
- ✓ Contract Size: hourly volume

Within-Day (WD)

This product is classified as a classical short-term intra-day product. It can also be called as a rest of day product. The delivery period lasts until the end of the current gas day. The parameters of the Within-Day (WD) product are shown as follows:

- ✓ Lead time: 3 hours from the next full hour after the trade
- ✓ Delivery time: remaining hours according to lead time until end of current gas day
- ✓ Load Type: Base Load
- ✓ Price Unit: BGN/MWh
- ✓ Trade Mode: Continuous Trading
- ✓ Minimum trade size: 1 MWh/d
- ✓ Trading hours: 24/7, product purchased after 03:00 am at a Gas day d is executed in on

Gas day d+1

- ✓ Price tick: 0.01 BGN/MWh
- ✓ Maturity: next 24 hours
- ✓ Delivery Points
 - VTP National Gas Transmission Network
 - VTP Gas Transmission Network for Transit Transmission
 - Each Locational Point (Only TSO is as initiator)
- ✓ Contract Size: the agreed size equally distributed over the remaining hours until the end of the gas day according to lead time

Day-Ahead (DA)/Weekend/ Holiday

The classical Day Ahead (DA) product is a short-term product with a delivery 24 hours at the end of the next working day. The difference to Weekend and Holiday products is a different delivery period. The parameters remain the same, e.g.:

- ✓ Delivery time:
 - DA: Next working day from 07:00 a.m. EET/EEST (d+x) to 07:00 a.m. EET/EEST ((d+x)+1)
 - WE: Tradeable according to trading calendar on Fridays with delivery from 07:00 a.m. EET/EEST (d+1) to 07:00 a.m. (d+3) EET/EEST
 - Holidays next to a weekend (Mondays & Fridays) are included in WE product
 - H: from 07:00 a.m. EET/EEST (d+x) to 07:00 a.m. EET/EEST ((d+x)+1)
- ✓ Load Type: Base Load
- ✓ Price Unit: BGN/MWh
- ✓ Trade Mode: Continuous Trading
- ✓ Minimum trade size: 1 MWh/d
- ✓ Trading hours: 09:00 am - 03:00 am on gas day d-1
- ✓ Price tick: 0.01 BGN/MWh
- ✓ Delivery Points
 - VTP National Gas Transmission Network
 - VTP Gas Transmission Network for Transit Transmission
 - Each Locational Point (BTG initiator only)
- ✓ Contract size:
 - DA: 24 h – contract size is equal to trade size
 - WE: 48 h (72 h or 96 h when Holiday Products are included in Weekend) – contract size is equal to trade size, multiplied by the number of days (by 2 in case of 48 h, by 3 in case of 72 h and by 4 in case of 96 h.)

The DA contract is listed as a rolling contract. That means that the DA product automatically switches the delivery time at a defined point of the day (04 a.m. D) EET/EEST (except

Saturday, Sunday and connected HD) and changes to delivery at the next working day. The visible name of the product will always show “DA” and not the specific delivery date.

The Weekend and Holiday products are to be predefined in a yearly “Trading Calendar” and published on the website of the platform in the download section.

Temporal products

Temporal products are understood as standardized spot products that allow the individual setting of a delivery period within a gas day. These products are only to be used by the TSO for balancing purposes. By that means, Bulgartransgaz is initiator only, and admitted MPs are aggressors only.

- ✓ Lead time: 3 hours from the next full hour after the trade
- ✓ Delivery time: according to the lead time from XX:XX a.m. (d) to XX:XX a.m. (d+X) within the current gas day
- ✓ Load Type: Base Load
- ✓ Price Unit: BGN/MWh
- ✓ Trade Mode: Continuous Trading
- ✓ Minimum trade size: 1 MWh/h
- ✓ Trading hours: 24/7
- ✓ Price tick: 0.01 BGN/MWh
- ✓ Delivery Points
 - VTP National Gas Transmission Network
 - VTP Gas Transmission Network for Transit Transmission
 - Each Locational Point
- ✓ Contract Size: individual set of delivery hours

Available Delivery Areas

The above-mentioned products are available for the following delivery areas respectively locational points:

a) Virtual trading Points VTPs (Balancing Zones)

Each admitted trading user is allowed to initiate bid/ask orders and execute already visible orders at both VTPs and as of 1 February 2020 they will be merged.



VTP National Gas Transmission Network

- 58Z--VTPN-NAT--1 21Y000000000026E



VTP Gas Transmission Network for Transit Transmission

- 58Z--VTPT-TRA--J 21Y000000000027C

b) Locational products (LPs)

Access to locational points is limited to users of the respective gas transmission network who have transport contracts and contract for balancing. Paper traders (having only a contract for VTP use and contract for balancing) cannot participate since a transport contract between the

MP and Bulgartransgaz needs to be in place.

Initiating at a LP is restricted to BTG only. Every admitted user is only allowed to aggress existing orders. In that means, LP are only available for balancing purposes of Bulgartransgaz. Available are all entry points allowing physical transmission at entry of the respective gas transmission network from neighbouring TSOs or to an entry point of a storage facility operator and/or local production.



GMS Chiren

- 21Y000000000026E



GMS Galata

- 21Y000000000026E



GMS Dolni Dabnik

- 21Y000000000026E



Negru voda 1/ Kardam

- 21Z000000000159I



Negru voda 2,3/ Kardam

- 21Z000000000160X



Kulata/Sidirokastro

- 21Z000000000020



Ruse/Giurgui

- 21Z0000000002798



Strandzha 2/Malkochlar

- 58Z-00000015-S2M



Strandzha/Malkochlar

- 21Z000000000157M

Annex 4: Long-Term Segment (Segment offering long-term products)

BGH Long-term Segment	
Segment	BGH Long-term Segment
Products Name	Monthly (up to 60 m. ahead), Quarterly (up to 20 quarters ahead), Calendar Year (up to 5 years ahead)
Description	Natural Gas Contracts with physical delivery through the Gas Transmission Network operated by Bulgartransgaz EAD traded for the respective time period according to the product type. Delivery starts at 7:00 a.m. on the first gas day of the respective period.
Delivery Point	Delivered as default contract to VTPN or VTPT (a virtual point on the national balancing zone or a virtual point on the transit balancing zone) from Bulgartransgaz EAD gas transmission system. 58Z-TRANS--NAT-T 58Z-TRANS--TRA-P For brokering service: Aggregated exit zone Bulgaria: 21Y000000000031I
Product	Natural gas at GCV 25°/20°
Contract Unit	MWh/d
Minimum trade size	1 MWh/d
Price Unit	BGN / MWh/d
Price step / price multiple of:	0.01 BGN / MWh/d
Trading Hours	10:00 a.m. – 04:00 p.m. during BGH business days
Trading Days	Trading for each product ends at 04:00 p.m. on the penultimate working day, prior to the start of the delivery by each tradeable product.
Settlement and balancing	Trading information is submitted from BGH to Bulgartransgaz EAD for transport and balancing purposes in the form of a standard trade notification.
Total contract size	Trade size multiplied by the number of days over the period. For instance in case of a trade for a product in March 2020 of a quantity of 10 MWh/d, the contract size shall be 310 MWh and the trade charge shall be due over such quantity.

Annex 5: Trayport Joule User Guide