

**RULEBOOK FOR OPERATION ON THE ORGANIZED EXCHANGE  
MARKET OF  
BALKAN GAS HUB EAD**



**Chapter One. General principles**

**Section I**

**Introduction of the company:**

Article 1. (1) BALKAN GAS HUB EAD (**BGH**) is a sole member joint stock company, registered on 18.01.2019. As of March 2021, 100% of the capital belongs to Bulgartransgaz EAD (**BTG**), a combined operator, offering natural gas transmission and storage services.

(2) 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 EAD. This aims to increase the liquidity of the natural gas market in Bulgaria and the region of Southeast Europe.

(3) 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).

(4) On 15.11.2019, Trayport Limited (Trayport) and Balkan Gas Hub EAD entered into an agreement on applying Trayport Exchange Trading System (ETS) for the trading needs of Balkan Gas Hub EAD. Trayport's ETS is a 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 customers' interests and fair trading. Through ETS, exchanges can offer their customers traders direct access to market liquidity via Trayport's Joule trading screen, Europe's leading electronic trading solution for energy markets, including registration of transactions concluded between them on an anonymous basis;

(5) As of 09.12.2019, Balkan Gas Hub EAD introduced ETS for the needs of the gas release programme, regulated in Art. 176a of the EA for which BGH provides an electronic environment

for conducting tenders;

(6) As of 02.01.2020, Balkan Gas Hub EAD introduced ETS for short-term anonymous products (short-term standardized products according to NC BAL), long-term products (non-anonymous and anonymous), brokering segment and at a later stage, clearing contracts will be introduced that meet the needs of Bulgarian market players;

(7) In addition to short-term standardized products under NC BAL, the platform shall also offer standardized bilateral long-term contracts for monthly, quarterly, annual/for five years ahead products, pursuant to Art. 176 of the Energy Act, as well as non-anonymously concluded contracts;

(8) In accordance with the provision of Art. 176 of the Energy Act, transactions with products of a delivery period of less than or equal to one year, shall be concluded on the organized natural gas exchange market;

(9) The term of the gas delivery contract is the one for which there is firmly agreed total quantity, as well as agreed daily average quantities for delivery on a daily basis, without interruption of deliveries during the contract period (with the possibility to change the daily average quantity according to the flexibility set in contract), for which deliveries the unit price has been clearly set or the mechanism for its amendment in a way that enables both parties to determine it at any time of its implementation;

(10) Standardized contracts for purchase and sale of natural gas for the needs of the Bulgarian market are available for market participants for both, short-term and long-term products;

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

(12) BGH Trading platform (TP) also provides an opportunity for the transmission system operator (TSO) to assign its short-term balancing needs in accordance with Art.10 (1) of NC BAL. Thus the transmission system operator can trade on BGH market by becoming a trading participant (TP user);

(13) BGH ensures compliance with Regulation (EU) № 1227/2011 of the European Parliament and of the Council on wholesale energy market integrity and transparency (**REMIT**), by reporting the required information to ACER and implementing monitoring measures to prevent insider trading and attempts at market manipulation. BGH offers on its website an Agreement for reporting data on transactions with wholesale energy products, executed on BGH organized market in compliance with the requirements of Art. 6 (1) of Implementing Regulation (EU) № 1348/2014 for applying Art. 8 (2) and (6) of Regulation (EU) № 1227/2011 (REMIT IR) on the integrity and transparency of the wholesale energy market with regard to data reporting;

(14) For the purposes of this document BGH Organized Natural Gas Exchange Market and BGH Market shall mean the same. In this document and in the accompanying Trayport User Guides, tool and product shall mean the same. The tools (products) are subject of the purchase and sales contracts. In this document and in the accompanying User Guides, the terms short-term and spot shall mean the same.

## **Section II**

### **BGH Market Organization**

Article 2. (1) 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.

(2) In order to ensure compliance with the provisions of Art. 6, para 1 of Regulation (EU) 1348/2014 upon the request of a BGH Member/Trading Platform participant BGH shall offer a Reporting Agreement/Agreement for data provision. Information on the parameters of the reporting services and the provision of access to reporting data, as well as the agreements on the services provided related to REMIT implementation, together with the price list of the services, are published on BGH website.

Article 3. (1) 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.

(2) 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.

Article 4. 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.

Article 5. 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:

1. defines membership criteria for the BGH Market,
2. enters into Membership agreements with Applicants meeting BGH's criteria and thus become BGH members;
3. defines products tradeable on BGH;
4. sets the requirements and procedures for trading with the products;
5. provides an appropriate market place for buy and sell orders in accordance with the Market Rules;
6. establishes and publishes reference prices for the separate products;
7. transmits information about TSO's transactions for physical delivery, in particular by means of trade notifications in line with Article 5(4) of NC BAL, as well as information about the reference purchase and sale price, applicable for the purpose of determining the imbalance charge by the TSO;
8. via the Market Surveillance Unit monitors BGH members' behaviour in order to guarantee the correct and reliable market functioning;
9. 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;
10. offers data reporting agreements to BGH members and reports data on their behalf according to Art. 6 (1) of Regulation (EU) No. 1348/2014, or provides to its members the necessary reporting data, when applicable.

Article 6. (1) The official language of BGH market is Bulgarian. The English translation is 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 Bulgarian one.

(2) BGH market notices shall be sent electronically or published on BGH website. In the event that a market message is published on the website, BGH members will be notified by e-mail. Market notices are binding for BGH members only if they have been duly informed of their publication/update by e-mail.

(3) Members of the trading platform shall have one free screen of 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.

(4) After registering as members of the trading platform, all TP members shall be required to get familiar in details with the User Guide. The same will be updated and published in the relevant section of [www.balkangashub.bg](http://www.balkangashub.bg) after each software solution update.

### **Section III**

#### **Legal and Regulatory Framework**

Article 7. 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 legislative 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 Art. 85, para 2.

Article 8. (1) The Membership Agreement shall be signed between BGH and the BGH member. By signing the Membership Agreement, BGH member agrees to comply with BGH Market Rules at any time.

(2) The Membership Agreement is Annex 2 to these Market Rules. For selection of a tariff plan and a number of additional trading screens (upon selection of a Standard plan), a Declaration on selection of a tariff plan is available on Balkan Gas Hub EAD website. Upon submission of a new declaration with a view to changing the tariff plan, the change shall take effect within 3 business days following its receipt by Balkan Gas Hub EAD. All transactions concluded before the day of entry into force of the amended tariff plan shall be charged according to the previous plan, except in cases where the change of the tariff plan is from Standard to Basic during the month for which the monthly fee was paid. In such cases, the fee paid for the respective month entitles the member to trade during this calendar month at a price for transaction according to the Standard plan.

(3) In the event of a conflict between the Membership Agreement and any provision of the effective version of these Market Rules, the provisions of the Market Rules shall take precedence.

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

Article 9. (1) 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. BGH is governed by the following relevant documents and communications to ensure the orderly operation of the BGH Market:

1. Natural Gas Trading Platform Rules; Annexes 1-5 to the Trading Platform Rules:

- a) Annex 1 – Definitions;
- b) Annex 2 – Membership Agreement;
- c) Annex 2A – Registration Form;
- d) Annex 3 – Short-term segment (Short-term products);
- e) Annex 4 – Long-term segment (Long-term products);
- f) Annex 5 - General terms and conditions to BGH Natural Gas Trading Platform Rules upon Bulgartrigas EAD participation.

2. BGH market notices, announcements and all other decisions have been made by BGH on the basis of the general principles and provisions of these Market Rules. Market announcements concerning the TSO activity shall be sent by BGH for approval by the TSO before their entry into force.

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

Article 10. (1) In addition to the segment for implementation of the Gas Release Programme under the Energy Act, 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).

(2) 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, according to the market interest, other products such as next hour and individual days may be offered as well, after consultation with the TSO. Upon request of transmission system operators, non-standard periods may be offered (e.g. temporal product) in combination with title transfer or locational products;

(3) Long-term segment:

1. Standardized products traded on screen anonymously for the period week, month, quarter, year/up to five years ahead. Other products may be available upon customers' request, except for the products described in Annex 4, after payment of the respective fee for initiation of a non-standard product in terms of its period.

2. Non-anonymous bilateral contracts for standardized period, traded on the BGH market by registration in Trayport Transactions module. For the needs of this service, both parties to a bilateral contract should be TP members with a tight to trade on the VTP and provide the following information to BGH:

- a) Parties to the transaction;
- b) Product - according to Annex 4;
- c) Price – in case the price is calculated via formula or based on indexation, the provided price should be as accurate as possible at the time of submitting the information, after which

both customers should inform BGH in writing about the final transaction prices;

d) Title-transfer point of gas and the relevant evidence, licenses and permits to trade at that point, if applicable.

3. 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 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. The following information should be provided to BGH by the BGH Member entitled to trade with end customers/suppliers in order to register the transaction:

a) Parties to the transaction;

b) Product - according to Annex 4;

c) Price – in case the price is calculated via formula or based on indexation, the provided price should be as accurate as possible at the time of submitting the information, after which both customers should inform BGH in writing about the final transaction prices;

d) Physical gas title-transfer point

Article 11. (1) Apart from the cases explicitly stated, such as when using brokering services, local production or local 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.

(2) All concluded after entry into force of the Energy Act, *Prom. SG, No. 79, effective since 08.10.2019*, bilateral contracts for natural gas purchase and sale with an initial delivery period after 01.01.2020 and a period of less than or equal to one year, should be registered on the trading platform, through the functionality of registering non-anonymous bilateral contracts on the long-term segment or through BGH brokerage services for the purpose of further administering the contracts by BGH.

(3) BGH shall be in charge of administration of the registered contracts, including automatic submission of transactions notifications to the TSO, REMIT reporting (in case the BGH Member/trading platform participant would like to use the service and provision of Reporting Agreement).

(4) BGH reserves the right to offer the above products and/or others at the customer's request or on its own initiative, in coordination with the TSO, and the products offered shall be published as described in the Products and Services section of [www.balkangashub.bg](http://www.balkangashub.bg).

Article 12. In the event that two counterparties conclude a transaction for purchase and sale of natural gas in the short-term or long-term segment, the transaction shall be legally binding for both parties based on the agreed period, price and quantity of natural gas.

Article 13. Standardized contracts, with all necessary particulars, published by Balkan Gas Hub EAD are mandatory for use, except for cases when the parties have a concluded written contract

which governs their relations concerning the minimum requirements according to the Natural Gas Trading Rules for each concluded transaction.

Article 14. The standardized contracts shall be published in Bulgarian and English on Balkan Gas Hub website in section Products and Services, as follows:

1. For short-segment in section Short-term segment;
2. For long-term segment in section Long-term segment.

Article 15. The Code of Conduct contains the rules of market conduct that must be observed by all BGH Members. The Code of Conduct is an integral part of BGH Market Rules and is laid out in Section 5: Code of Conduct

Article 16. (1) Following approval of the Rules by the Energy and Water Regulatory Commission, BGH may supplement, amend and revise these Market Rules after formal approval by BGH Board of Directors. Any amendment to the Rules and/or to any or all of their annexes, shall be subject to and shall enter into force after approval by the EWRC.

(2) BGH Market Rules shall be binding on BGH, all BGH Members and their traders permitted to trade on BGH. BGH Market Rules and their updates shall be subject to approval by the Energy and Water Regulatory Commission (EWRC) in accordance with Art. 21, item 42 of the Energy Act.

(3) Changes to BGH Market Rules shall become effective on the day of their publication after EWRC approval.

Article 17. BGH shall notify BGH members of changes in the Market Rules and their Annexes, by e-mail and through market notices published on BGH website, including:

1. suspension of BGH Membership and withdrawal of such suspension;
2. suspension of placing on the market of some types of products and withdrawal of such suspension;
3. special conditions for product specifications;
4. special conditions of risk management and credit limit handling, including credit matrices;
5. valid price and fee list, discounts and their respective conditions applicable to Market Makers or Liquidity Providers;
6. operational maintenance staff contact details and maintenance hours;
7. information about unfair trading practice rules and administrative fees;
8. any other activity that may affect the market, including emergencies.

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

Article 18. Contractual relations between BGH and BGH Members shall be governed by the Membership Agreement. By signing the Membership Agreement, BGH Members undertake to comply with BGH Market Rules.

Article 19. 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.

Article 20. The services provided to BGH Members by BGH, as well as BGH Members' rights and obligations regarding BGH are set forth in BGH Market Rules.

## **Chapter two. Admission of BGH members and access to services**

### **Section I**

#### **BGH Membership conditions**

Article 21. (1) A BGH Member is a legal entity that signs a Membership Agreement with BGH and is thereby authorized to trade on the BGH Market.

(2) 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.

(3) 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 access to the gas transmission and/or gas distribution networks and the natural gas storage facilities, approved by the EWRC, as well as respectively go through a licensing procedure for the activity "trade in natural gas" on the grounds of Art. 9, item 10a of the Ordinance on licensing of activities in the energy sector (applicable as of 01.10.2021).

(4) A further prerequisite for signing BGH Membership Agreement is a valid Balancing Agreement with the TSO in full compliance with the Natural Gas Market Balancing Rules and the Natural Gas Trading Rules.

(5) Upon introduction of a clearing house, Clearing Rules shall apply together with the current Market Rules, and BGH will inform all interested parties via a Market Notice on its website.

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

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

1. The applicant fully complies with all provisions of these Market Rules including requirements for access to the trading platform;
2. The applicant has obtained all necessary authorizations and licenses for trading at the Virtual Trading Points, the relevant interconnection points and other points of the gas transmission system;
3. The applicant is not legally restricted in its capacity to carry out business activities, in particular due to insolvency or liquidation;
4. 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.

(8) Upon written request by BGH, the applicant or the respective member shall submit all additional documents and/or information proving that the prerequisites for Membership have been fulfilled.

Article 22. (1) Trading on BGH Market shall be carried out only 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.

(2) If a BGH Member intends to or will conduct transactions on behalf of a third party (a Third Party Customer), then:

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

BGH Members might be:

1. Natural gas traders;
2. The Natural gas public supplier;
3. Natural gas supplier of last resort (if applicable);
4. Natural gas producers;
5. Gas transmission network operator;
6. Gas distribution system operator (DSO);
7. Natural gas storage facilities' operators;
8. LNG facilities' operators;
9. Combined operators;
10. Customers and end suppliers of natural gas;
11. 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.

(4) Except for non-trading users, all BGH Members shall have equal rights and obligations towards BGH.

Article 23. (1) The transmission system operators shall trade on the trading platform for the purpose of performing balancing actions and ensuring the security of supply by purchase and sale of the necessary amount of natural gas, which does not qualify as natural gas trade.

(2) The TSO shall be entitled to request bank guarantees and/or deposits in an amount determined by him to guarantee the transactions with its participation. Participants who do not provide such a deposit cannot conclude transactions with the TSO.

(3) Bank guarantees and/or deposits shall be established in favour of and/or to the bank account of Bulgartransgaz EAD in an amount that guarantees in full securing of the transactions between a TP member and TSO. At any time, bank guarantees and/or deposits should be maintained in full, securing TSO transactions, and in case of missing or incomplete collateral, the respective Balkan Gas Hub TP member will not be allowed to trade with the TSO.

(4) The TSO shall specify its own version of a long-term contract for purchase and sale (monthly, quarterly and annual) of natural gas, reflecting its specific role on the market.

Article 24. (1) 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.

(2) 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:

1. specification of the product types;
2. the obligations related to sale and/or purchase, as well as setting minimum quantity;
3. the minimum trading quantities in MWh/day according to the period and the agreed delivery programme;
4. determining of indicative purchase and sale price of one or more products approved for trade on a permanent base at a specific time upon request of BGH or a Market Maker in line with the terms and conditions of the Market Maker Agreement and these Rules;
5. the minimum time period when the commitment shall be fulfilled.

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

(4) 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.

Article 25. (1) Any BGH Member may offer BGH to commit to fulfil the “**Liquidity Provider**” role with a view to increase the liquidity of a certain Product(s) admitted to trade on BGH. Nevertheless, it is within BGH discretion, whether to enter into a Liquidity Provider Agreement with the BGH Member offering a Liquidity Provider commitment.

(2) 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.

(3) 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.

(4) BGH will publish 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.

## **Section II**

### **Admission of BGH Members and non-trading users**

Article 26. (1) The admission of a particular **Applicant** as a BGH Member shall be made on the basis of the following criteria:

1. The Applicant meets BGH requirements in terms of experience, reliability, reputation and economic capacity of its company;
2. The Applicant had passed a successful access procedure in line with Art. 10(a) of the Rules for Access, as well as respectively go through a licensing procedure for the activity“ trade in natural gas” on the grounds of Art. 9, item 10a of the Ordinance on licensing of activities in the energy sector (applicable as of 01.10.2021) in accordance with the requirement of Art. 39, para. 1, item 5 of the Energy Act, and has fulfilled the requirement for registration under Article 9 of REMIT (presence of ACER code);
3. The Applicant has secured orderly settlement of TP transactions by means of a concluded Balancing Agreement with the TSO;
4. 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 BGH trading system.

(2) Based on the above mentioned preconditions and after a compliance verification (Chapter 2, Section 1), BGH makes a decision whether or not to admit certain applicants as BGH Members at its own discretion.

Article 27. (1) BGH makes decisions with regard to the admission of Applicants to BGH Market in compliance with the BGH Market Rules, including possible refusal of an incomplete application based on a thorough verification of the submitted documents.

(2) 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 newly admitted BGH members shall be published on BGH website in Membership section, and current BGH members shall be notified of the newly admitted member by e-mail in order to be reflected in their credit risk management credit matrices.

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

Article 28. (1) Membership applications include the following:

1. duly signed Membership Agreement in 2 originals;
2. completed Registration form and a Declaration on selection of a tariff plan;

(2) The following accompanying documents shall also be enclosed to the applications under para. 1:

1. a copy of a concluded Contract for balancing with TSO with provided collateral required under it, if any; as well as
  - a) a copy of a concluded contract for VTP use;
  - b) a copy of Transport and access contract (if applicable), or equivalent contracts, offered by the respective TSO;
2. current status certificate 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);
3. a notarised power of attorney if the documents for admission to membership will be signed

by an authorized representative;

4. a copy of issued license for the activity “trade in natural gas” under the Ordinance on licensing of activities in the energy sector (applicable as of 01.10.2021).

(3) BGH has the right at any time to require from its members a certificate of absence and/or presence of insolvency claims, issued by the court of registration or by the competent authority depending on the national registration.

(4) 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.

Article 29. (1) 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’s contact for the administrative formalities undertaken in compliance with the Market Rules.

(2) Only such authorized representatives are entitled to ask BGH to make changes in the areas that concern them.

Article 30. (1) 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.

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

### **Section III**

#### **Technical Access to BGH Natural Gas Trading Platform**

Article 31. (1) The technical requirements for connection to BGH trading systems are met, if the BGH Member is equipped with IT facilities that comply with the prescriptive requirements of Trayport Joule, namely:

(a) Trayport Joule Direct Natural Gas Exchange System (ETS)

b) Operating system: Microsoft Windows 8.1 or 10;

c) Processor: 2 GHz Intel Dual Core or better;

d) RAM memory: 4GB or more;

e) Microsoft.NET Framework 4.7.2 Web Installer.

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

(3) BGH shall also provide access to the dedicated section for members and non-trading users of

Balkan Gas Hub corporate page, and has the right to introduce additional features on this site to extend the services offered to its members, including in connection with administration and management of concluded long-term anonymous and non-anonymous transactions.

## **Section IV**

### **Admission of Traders**

Article 32. A Trader is a person entitled to trade on behalf of a particular BGH Member on BGH TP after completing successfully the system tests. A Trader can only be active and carry out transactions on the TP for one BGH Member at any given time on one or more Market Segments.

Article 33. (1) BGH Members trade on the TP through one or more Traders acting under their authority or on their behalf. BGH Members are bound 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.

(2) BGH Members shall be liable for the actions of a person acting under their direction or on their behalf, regardless of whether that person has been identified as a Trader. BGH Members shall be also liable for the actions of a trader declared to be authorised as such to BGH, regardless of whether such a trader is acting under the Member's authority or on its behalf, until the BGH Member requests suspension of the trader's access to BGH TP.

(3) BGH Members ensure that the designated trader has all the necessary skills and qualifications to trade on the TP. That means that each trader shall receive a copy of all the documents issued by BGH, including these Market Rules and all of its Annexes, and shall confirm that he is familiar with them, as well as with the structure and environment of BGH market and with use of BGH trading system.

## **Section V**

### **Rules of Procedure**

Article 34. The BGH Membership terms and conditions, validity and period of a particular Membership Agreement shall be defined in the respective Membership Agreement.

Article 35. 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:
  - a) changes in the circumstances regarding Membership requirements;
  - b) termination, suspension or changes to the Clearing Agreement where applicable;
  - c) material changes compared to the information provided in the documents enclosed 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 market.

3. Changes to the legal or regulatory framework or to judicial practice that affect the compliance with the Membership requirements and the Market Rules.

(2) Each BGH Member shall inform BGH immediately in writing, if his conditions have changed materially 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.

Article 36. (1) A BGH Member shall be entitled to terminate his BGH Membership by a one-month written notification to BGH. The termination will be effective upon BGH formally informing that Member of termination of the Membership Agreement.

(2) BGH shall be entitled to terminate BGH Membership if at one or more times:

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

2. the Member fails to make the relevant supplies, payments and/or to settle other fees due and payable to another Member, to Balkan Gas Hub or to the respective transmission system operator, as stipulated in the BGH Market Rules or in the Contracts/Agreements;

3. any other repeated breaches of these Market Rules.

(3) 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.

(4) Membership shall be terminated also if Balkan Gas Hub EAD is notified by the respective TSO of termination of the contracts for access and/or the contract for purchase and sale of natural gas for balancing, and/or the contract for use of VTP, also if the member loses his right to submit a notification of a transaction.

(5) The amount of eligible transactions and the right to submit trade notifications to the TSO shall be determined by the respective TSO and, in the case of a transaction which is not within the admissible parameters, it shall be subject to cancellation and might be treated as market manipulation.

(6) BGH shall publish the termination of BGH membership in the form of a Market Notice on BGH website and promptly updates the list of active BGH members published on the website.

(7) 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 transactions 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 by the end of the delivery period of the transactions concluded by him, and to cancel all Orders in the trading system submitted as of the date of membership termination.

(8) The Member's obligations under the Membership Agreement shall be terminated only after fulfilment of the requirements under the previous paragraph. The parties should inform BGH about the fulfilment of obligations in written form.

Article 37. (1) BGH shall be entitled to suspend the Membership Agreement if the Member does not comply with the Market Rules in which case shall provide an explanation for his 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. Membership suspension 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:

1. if the BGH Member fails to fulfil his obligations towards other BGH Members for the deliveries of natural gas and/or payments in good time;
2. in case of material violations of BGH Market Rules and/or other regulatory documents;
3. upon NRA request, where legal breaches have been found;
4. upon notification by the relevant TSO on termination of the contracts for access and/or the contract for purchase and sale of natural gas for balancing, and/or the contract for use of VTP, until the notification to BGH by the TSO on renewal of the respective contracts' validity;
5. upon notification by the respective TSO, in the cases when the member has lost his right to submit notifications for a transaction, including in the event of insufficient amount of the collateral under a balancing contract, until restoration of his right to submit a notification for a transaction.

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

(3) BGH will issue a Market Notice to all BGH Members with respect to such a 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.

Article 38. (1) A BGH member may be excluded from trade and his membership may be suspended if he commits a material breach, also in the cases under Art. 36. A material breach under this Article is any failure of a BGH member to fulfill all or part of its material obligations under these Rules, the Membership Agreement or under any purchase and sales contract entered into as a result of these Rules.

(2) In the event under Art. 1, all orders of the BGH Member shall be 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 under the above circumstances.

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

## **Section VI**

### **Terms of Payment of the applicable fees**

Article 39. (1) The applicable fees shall be determined in accordance with the Price List approved by the Board of Directors of BGH and published on BGH website.

(2) The initial registration fee, as well as the first monthly fee and fees for additional screens (if a standard plan was chosen) shall be paid by the 10th day of the respective calendar month, except

for Membership Agreements concluded after the tenth day of the calendar month, in which case an initial fee is due, fees for additional screens (if a standard plan was chosen), as well as a full monthly fee, payable within 3 business days as of the date of concluding the Membership Agreement.

The activation of services takes place after receiving proof of payment.

(3) Monthly fees and fees for additional screens (if a standard plan was chosen) shall be payable until the tenth day of the calendar month for trade, 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 signing the Membership Agreement. In case of Agreement termination within the month for trade, the fee for the entire current month remains payable. Market Notice regarding prices and discounts may specify different payment conditions than the above stated.

(4) Transaction fees shall be determined and invoiced for a calendar month, and BGH shall issue the respective invoices within 5 business days after the end of the calendar month for trade, and their payment shall be by the 10th day of the month following the month of trade.

Article 40. (1) Invoices shall be sent via e-mail. Invoices shall 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. Fees shall be collected by BGH. All amounts shall be in Bulgarian levs /BGN/ and can be transferred to BGH account in BGN or an account in Euro, published on its website. Fees 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 by publishing it on its website. 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.

(2) After expiry of the deadlines for payment, BGH shall charge late-payment interest amounting to the Base Interest Rate plus 10%.

## **Chapter Three Products and segments**

### **Section I**

#### **Tradeable products**

Article 41. (1) The Trading products shall be in accordance with Trayport Joule trading system options, as well as other BGH software solutions. The standardized products are those 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](http://www.balkangashub.bg).

(2) BGH is entitled to decide which products may be admitted to or suspended from trading. Market notice shall be submitted within 5 (five) business days prior to admission or suspension of the respective product. Only products published in "Products and Services" section on website [www.balkangashub.bg](http://www.balkangashub.bg) shall be traded.

(3) 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.

(4) BGH may revoke trading of products or 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 case of revocation of trading of individual products or suspension from trading on BGH, BGH shall issue a Market notice to inform the BGH Members without delay.

(5) If trading on BGH has been suspended partially or entirely, no new Orders may be entered for the suspended products and all existing Orders will be automatically cancelled. BGH may, in the event of a suspension, issue different instructions on a case-by-case basis.

(6) BGH Market Rules may contain products without making them available for trading until all necessary (technical, regulatory other applicable ones) conditions are secured. All BGH members will be informed by a Market notice for any change in the offered products (newly added product, withdrawal/suspension/modification of a product, etc.) without explicit coordination with the TSO or approval by the Energy and Water Regulatory Commission when these products are not part the short-term standardized products defined in Regulation 2014/312.

## **Section II**

### **Market zone**

Article 42. (1) On the BGH market natural gas contracts with physical delivery in the Bulgarian natural gas transmission system can be concluded.

(2) 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 the market conditions allow.

## **Section III**

### **Market segments**

Article 43. (1) A Market segment consists of the tradeable products, market areas, market procedures and the deadlines applicable to that segment.

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

1. Segment for offering BGH spot products (Short-term segment) - tradeable products and product specifications for this market segment are described in Annex 3 (Short-term segment) and in Products and Services section on the website [www.balkangashub.bg](http://www.balkangashub.bg).

2. Segment for offering BGH long-term products (Long-term segment) - tradeable products, on anonymous and non-anonymous basis, for this market segment are described in Annex 4 (Long-term segment) and in Products and Services section on the website [www.balkangashub.bg](http://www.balkangashub.bg).

3. BGH segment for implementation of Gas Release Programme (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.

4. Brokerage 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, by registered at the platform BGH members with delivery point the exit

point of the gas transmission networks.

## **Section IV**

### **Orders' management in case of technical failures**

Article 44. (1) In case of a temporary technical failure in relation to access to and/or use of the TP of BGH, BGH Members will be informed by a Market Notice of the technical failure and the expected timeline for restoration of the service.

(2) In case of technical failures in the IT system of any BGH Member, the affected Member shall inform BGH without delay by e-mail and/or phone.

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

1. temporarily exclude individual BGH Members or all BGH Members from trading;
2. suspend trading and/or
3. delete orders by individual or all BGH Members.

(4) The actions undertaken by BGH or by the third parties to carry out such measures shall be binding for all BGH Members.

(5) BGH shall be 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 promptly informed of the suspension of access to BGH trading system and the end of suspension by suitable means.

## **Section V**

### **Physical settlement or amendment of the quantity under a trade notification**

Article 45. (1) After confirmation of each transaction (and expiry of the cancellation period for long-term products), automatic trade notifications shall be sent from BGH to BTG IT system. Quantities under the submitted notifications shall be allocated in the customers' balancing portfolio for the product period in BTG IT system. Once the same two CP trade again, a new additional trade notification shall be sent to BTG. Trade notifications should fulfil the minimum requirements according to Art. 5, § 4 of NC BAL and shall be submitted for all customers in a form, reflecting the actual status of the purchased and sold quantities as a result of the transactions for the respective gas day/period.

(2) The marginal sale and purchase prices shall be calculated and published by BGH and/or BTG. The actually transmitted quantities to a VTP under concluded short-term transactions shall not be amended.

(3) In the event that parties in long-term transactions wish to change the daily quantity for transmission to the VTP under already concluded transactions in the long-term segment in case of fluctuation in the purchase and sales contracts between them, they shall submit information on the

changed quantity by using a specialized tool through BGH website. The adjustment should be a multiple of the minimum tradeable volume for each product (1 MWh/d) or zero for the relevant gas day.

(4) Change of the quantities for the current gas day shall be allowed until 24:00 of the day, as well as for each following day of the long-term contract. The change shall be initiated by one of the two counterparties and confirmed or rejected by the other. More than one changes can be initiated and confirmed for a given gas day. Any initiated change and received rejection or confirmation shall be submitted to the e-mails indicated by both counterparties with a copy to [admin@balkangashub.bg](mailto:admin@balkangashub.bg).

(5) The minimum quantity that can be requested for change is 0 MWh/d. The maximum quantity that can be requested for a change under a long-term contract is no more than the average daily quantity multiplied by three.

(6) The sum of all changed quantities under the long-term contracts cannot exceed the amount of the contract. Notwithstanding all submitted transactions, the transaction fee shall be paid in full, according to the amount of the contract under Annex 4.

7) In case of accumulated differences caused by rounding of monthly/annual quantities under the Gas Release Programme after their allocation on a daily basis by Balkan Gas Hub EAD and/or the TSO, a change shall be allowed in daily quantities with accuracy to the third decimal place in MWh (i.e. With accuracy up to 1 kWh). Such changes can be made only in respect of transactions under the Gas Release Programme.

## **Section VI**

### **Price setting**

Article 46. (1) The reference price will be published for all products and the reference price for products of over one month term of execution shall be equal to VWAP. The reference price for the spot segment shall be calculated under the following conditions: VWAP - upon fulfilment of the requirements for a minimum of 3 transactions and 300 MWh;

(2) 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.

(3) The minimum, maximum and the latest tradeable prices shall be continuously displayed at BGH platform.

Article 47. (1) Marginal purchase and sale prices, applicable for the purposes of setting the imbalance fee by the TSO. The marginal prices for the relevant gas day shall be calculated as a combination of all products at both virtual trading points:

1. National gas transmission network
2. Gas transmission network for transit transmission

(2) Two marginal prices are always calculated:

1. Natural gas price from balancing in case of positive imbalance  $P_{NGB}^P$

2. Natural gas price for balancing in case of negative imbalance  $P_{NGB}^N$

(3) The marginal prices are calculated for all transactions in all title products at the VTP for one gas day. This means that the marginal price can first be set based on the product DA/WE/WE and may change over time by trading of products Within-Day (WD) and Next Hour (NH) products (if any) until establishing the final marginal prices.

(4) The marginal prices shall be calculated in accordance with the terms and conditions of the Daily Imbalance and Neutrality Balancing Charge Calculation Methodology and published by TSOs that have chosen BGH as a trading platform in accordance with Regulation (EU) 312/2014.

## Section VII

### Transactions cancellation. Physical execution of concluded transactions

Article 48. (1) BGH may cancel a short-term or long-term transaction upon establishing non-compliance with the requirements of these Rules or market manipulation, or other violation, as well as if there is information from the respective TSO, that due to some Member's fault, transactions are infeasible and/or the members have lost the right to submit trade notifications to the TSO; BGH may also cancel a transaction in the event of a manifest error (incorrect order entry).

(2) A long-term transaction counterparty has the right to request cancellation of the transaction within 60 minutes after its conclusion in case of a manifest error (incorrect entry). If the transaction is considered by BGH as eligible for cancellation due to an error in its conclusion, it will be cancelled without the other counterparty's consent, and they will be informed immediately. In this case, the counterparties shall not owe a fee for cancelling the transaction.

(3) With the agreement of both parties, cancellation of a long-term transaction can be requested up to 10 minutes after its conclusion, by a phone call and e-mail confirmation to the following e-mail address: [admin@balkangashub.bg](mailto:admin@balkangashub.bg), filed by both counterparties. In this case, the counterparties shall not owe a fee for cancelling the transaction. In the event that one of the two counterparties does not agree with the cancellation within the 10-minute period, the transaction shall not be cancelled and shall be charged according to the applicable transaction fee.

(4) The parties to the transaction may request BGH to cancel the transaction also after the 10-minute period, in which case both counterparties shall owe the applicable fee for cancelling the transaction. In the event that one of the two counterparties does not agree with the cancellation, the transaction shall not be cancelled and shall be charged according to the applicable transaction fee.

(5) According to the Code of Conduct and fair-trade principles, the following cases are considered an error:

1. the entered price refers to another product traded on BGH;
2. the price digits have shifted compared to the market price;
3. the price digits have shifted compared to the market price for the respective product;

(6) A request for cancellation may be submitted only on BGH business days in the period from 10:00 am to 6:00 pm.

Article 49. The quantities under the trade notifications shall be allocated in the daily balancing portfolio of the customers for the product period in BTG IT system.

## **Section VIII**

### **Financial services and credit risk management mechanisms**

Article 50. (1) Credit risk management through a credit matrix - BGH shall offer to its Members a risk management mechanism by selection of products with which trade with all other BGH members can be carried out, as well as a period of time when trade with the respective products can be carried out. For this purpose, a list of all Participants shall be published in Members section on BGH website and daily updated. The credit matrix can be updated and sent to BGH only in business days in the timeslot from 9:00 am to 4:00 pm at: [admin@balkangashub.bg](mailto:admin@balkangashub.bg) and becomes effective on the next business day.

(2) No BGH Member shall have the right to indicate less than two potential CPs with whom they have the right to trade a certain product for a given period, otherwise their trading rights shall be withdrawn for the respective period.

(3) In case a BGH Member fails to send a completed credit matrix to BGH, it shall be considered that the BGH Member has no restriction in trading with the other platform members until sending one.

(4) Within the credit matrix, against each participant, the Member may indicate, for each individual product traded on BGH market:

1. Yes – I trade with this participant for an unlimited period of time (for each individual product). To be entered separately for purchase and sale;

2. No – I do not trade with this participant for a certain period of time (for each individual product). To be entered separately for purchase and sale;

(5) The credit matrix and the conditions for its completion are obligatory for all BGH members. In case of non-compliance with the requirements by a member and failure to submit the matrix, BGH shall not be liable for missed, unconcluded and concluded transactions with an unwanted counterparty.

(6) In the event that BGH is notified of a proven significant delay in time and amount of payments of a TP Member to its counterparties, the membership of this Member can be terminated without any penalties due by BGH and this member shall be listed in the late payers list on Balkan Gas Hub EAD website.

Article 51. (1) Credit risk management by introducing a clearing house - at any time after appropriate consultation with its members BGH may introduce credit risk management by offering clearing services.

(2) One month at the earliest before effective introduction of clearing services, BGH will send by e-mail and publish on the website Rules for clearing.

(3) The clearing rules shall contain all applicable clauses for trade in clearing products, including the necessary clearing services agreements that TP members conclude with the trading platform

operator and with the clearing house.

## **Chapter Four. General Conditions for the Services**

### **Section I**

#### **Market Activity**

Article 52. (1) BGH and each BGH Member acknowledge that the other party may engage one or more services' providers or subcontractors at their discretion in order to perform the provisions of BGH Market Rules.

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

(3) A BGH Member that engages a service provider or a subcontractor hereby agrees to introduce provisions in 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.

### **Section II**

#### **Use of Technical Systems**

Article 53. (1) 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.

(2) 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.

(3) In the event that the BGH Member's use of services disrupts the operation of the trading system 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.

Article 54. (1) 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.

(2) 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.

Article 55. (1) 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.

(2) 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.

(3) BGH EAD and BGH Members shall introduce procedures and instructions for data and files back-up.

(4) In the event of a malfunction in the Trading system that could impact a BGH Member, BGH shall inform the concerned Member of the nature and probable duration of such malfunction.

Article 56. (1) 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.

(2) In this regard, both parties agree that they are responsible for their selection of IT services and IT systems providers, in particular the respective Internet access providers. They therefore hold one another harmless for the consequences of the acts or defaults of such providers.

(3) BGH and BGH 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.

(4) 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.

Article 57. (1) BGH guarantees that it owns all rights and licenses necessary for using the trading and order transmission systems.

(2) BGH and all BGH Members shall retain intellectual property rights over documents, data and information of any kind which is transmitted to the other party under this agreement and to which either party may have access.

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

(4) 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 BGH Market Rules or are provided by BGH to the BGH Member and must be adhered to by the BGH Member.

(5) 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.

### **Section III**

#### **Use of Market Data**

Article 58. Eligible BGH Members shall have access to trading data as described in Trayport Joule User Guide and through a specialized section on the website, as well as to aggregated market data published on BGH website.

Article 59. BGH is the sole owner of the Market Data resulting from Transactions on BGH Market (including but not limited to BGH Spot reference prices). In particular, BGH is entitled to use the trading volumes generated by the BGH Member for statistical purposes, inter alia. Such statistics may be published as a summary. 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, it undertakes to introduce the above provision into its contractual relations with the said service provider.

Article 60. (1) The BGH Member shall use Market Data solely for the purpose of trading on BGH and for its own needs.

(2) 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.

Article 61. (1) Each party authorizes the other to quote its corporate name or trading name or display its logo or trademark as a commercial reference.

(2) 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 TSO, clearing institutions or supervisory and regulatory authorities) provided that such dissemination stems from the enforcement of BGH Market Rules or other applicable legislation. In the above-mentioned cases, all information must be treated as highly confidential and must be used for the original purpose it was provided.

Article 62. 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.

### **Section IV**

#### **Liability and Jurisdiction**

Article 63. BGH and the BGH Member are liable for direct economic damages incurred by the other party:

1. 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;

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

Article 64. Neither party shall seek to render the other liable for compensation for the harmful consequences of:

1. 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;
2. 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;
3. 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;
4. 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.

Article 65. The BGH Member is liable for improper use of the services offered by BGH under the Membership Agreement and more specifically in case of:

1. non-compliance with the provisions of BGH Market Rules and their Annexes;
2. discredit to the image or reputation of BGH or the platform or any other BGH member, either directly or indirectly;
3. fake transactions, market manipulations, violations of the antitrust legislation of Bulgaria and/or the EU, which violates the principles and rules of the respective market.

Article 66. (1) BGH accepts liability only for damages resulting from the use of the BGH trading systems if and in as far as they result from gross negligence or actions of intent committed by its bodies or employees which should be proven by an independent party. Over and above this, BGH shall only be liable for proper operation of the system used for trading in accordance with BGH Market rules.

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

1. 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;
2. 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;

3. objection to a transaction executed by the BGH Member, where such objection is raised following the cancellation period;
4. in case of force majeure affecting delivery such events include those considered as force majeure and hereunder.

(3) 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.

Article 67. 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 calendar 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.

## **Section V**

### **Miscellaneous**

Article 68. (1) The BGH Member acknowledges that it has taken note of:

- all statutory regulatory acts, legally required licenses, as well as the regulations and network codes in force in the EU pertaining to its business;
2. the contractual documents;
3. all other documents and/or communication sent to it by BGH by whatever means.

(2) 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.

(3) 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.

Article 69. (1) 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.

(2) Each party is entitled to communicate:

1. 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;

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

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

## **Section VI**

### **Introduction of restrictive regime/temporary limitation of natural gas supply**

Article 70. (1) 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 (EU) 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.

(2) In such cases, BGH operation may be suspended and/or limited including with regard to trade/supply at specific physical points and/or VTP.

(3) 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.

## **Chapter Five. Code of Conduct**

### **Section I**

#### **Preamble**

Article 71. (1) 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.

(2) These rules aim 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.

### **Section II**

#### **Scope of Application**

Article 72. 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.

Article 73. (1) The BGH Code of Conduct is an integral part of BGH Market Rules.

(2) 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.

### **Section III**

#### **Definitions**

Article 74. For the purposes of this Code of conduct, the following definitions shall apply:

(1) Insider Information means information of a precise nature which has not been made public, which relates, directly or indirectly, to one or more wholesale energy products and which, if it were made public, would be likely to significantly affect the prices of those products. 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.

(2) Market Manipulation means:

1. Entering into any transaction or issuing any order to trade with wholesale energy products which:

a) gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of wholesale energy products;

b) secures or attempts to secure, by a person, or persons acting in collaboration, the price of one or several wholesale energy products 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 the respective wholesale energy market; or

c) 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 wholesale energy products;

or

2. Disseminating information through the media, including the internet, or by any other means, which gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of wholesale energy products, 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.

(3) When information is being disseminated for media purposes or artistic expression, the data dissemination is assessed by taking into consideration the rules for freedom of the press and the freedom of expression in other media except if:

1. the relevant persons directly or indirectly benefit from the dissemination of the information in question; or

2. the disclosure or dissemination is carried out with the intention of misleading the market as regards the supply, demand or wholesale price of energy products.

## **Section IV**

### **Rules of Conduct for Trading on BGH TP**

Article 75. (1) When trading on the BGH TP by sending Orders on their own behalf or on behalf of third parties and for their own account or for the account of third parties, BGH Members are required to:

1. comply with the general principles of market integrity, honesty and good conduct;
2. comply with the rules and instructions of any competent supervisory authorities, together with the Market Rules of BGH.

(2) 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.

Article 76. (1) Any engagement in or Attempt to engage in Market Manipulation with respect to a Contract is prohibited.

(2) This prohibition includes, without limitation:

1. Any kind of false or misleading behaviour;
2. Any kind of collusions or the collusive cooperation of BGH Members among each other or with third parties;
3. Any kind of Price Positioning Behaviour.

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

Article 77. BGH Members are especially forbidden to:

1. Enter orders without a due economic justification.
2. Place orders with no intention to execute.
3. Give false or misleading signals as to the offer of, demand for, or price of physical natural gas contracts;
4. 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;
5. Disseminate false or misleading market information through media, including the internet or by any other means.

Article 78. BGH Members are forbidden to make arrangements in advance by submitting buy or sell orders at the same time for the same price and quantity on the anonymous segments of BGH; to 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.

Article 79. BGH Members are especially forbidden to:

1. Secure the price of one or several contracts with physical delivery of natural gas 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;
2. Artificially create price level which is not justified by market forces of supply and demand, including by the actual production, availability of transportation capacity and demand.

Article 80. BGH Members or their authorised Traders who possess inside information in relation to signed contracts shall be prohibited from:

1. using inside 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;
2. disclosing inside information to any other person unless such disclosure is made in the normal course of the exercise of their employment, profession or duties;
3. recommending or inducing another person, on the basis of inside information, to acquire or disseminate data on contracts with physical delivery of natural gas traded on BGH to which that information relates.

Article 81. The BGH Members support and comply with all current and newly introduced measures for market transparency and thus foster BGH in further developing a secure, non-discriminatory and transparent trade on the BGH organised market.

Article 82. The BGH Member shall ensure that the authorised traders are sufficiently qualified and enjoined to comply with BGH Market Rules, including this BGH Code of Conduct.

## **Section V**

### **Conduct of BGH Members and authorised Traders towards Third Party Customers**

Article 83. (1) The provisions of this section apply to BGH Members and the respective authorised Traders who carry out Third Party Customers' orders directly or indirectly on the BGH Market.

(2) 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 customers 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.

(3) All the information which BGH Member make accessible to its Third Party Customers has to be honest, unambiguous and such information must not be misleading or manipulative.

(4) As a rule, any introduction of a Third Party Customer orders should serve entirely the interest of the customer and should have the same result as if the individual order would have been directly submitted to the BGH Market for execution.

(5) Members intervening on the account of a Third Party Customer are required to communicate the Market Rules to such customers and to inform the BGH of any infringement that has become known to them regarding their Third Party Customers for non-compliance with the Market Rules.

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

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

(8) The BGH Member who intervenes for the account of a Third Party Customer 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 Customers which would not comply with the Market Rules.

Article 84. Upon the execution of Third Party Customer orders, BGH Members shall be responsible for the following:

1. Third Party Customer orders are executed on the BGH Market forthwith, in particular, without favour compared to other Third Party Customer orders or own interests of BGH Members,
2. Similar Third Party Customer orders are executed or forwarded in accordance with the sequence, in which they were received;
3. Interests of all Third Party Customers are preserved when combining orders of Third Party Customers;
4. Prevention of any misuse of information in connection with outstanding orders of a Third Party Customer.

## **Section VI**

### **Instructions, Information and Penalties**

Article 85. (1) 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.

(2) 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 customer's orders.

Article 86. (1) 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.

(2) 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.

Article 87. (1) In case BGH Member and Users authorized to trade on the BGH Market violate existing rules, fail to comply with the BGH instructions 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.

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

## **Section VII**

### **Market Surveillance**

Article 88. The Market Surveillance Unit ensures fulfilment of the obligations arising from Article 15 of Regulation (EU) 1227/2011. BGH creates an Independent Market Surveillance Unit as part of its operational personnel.

Article 89. 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.

Article 90. (1) 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.

(2) 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.

(3) 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 Bulgarian regulatory authority directly or via ACER Notification Platform as well as the Executive Director of BGH, and terminates the membership if necessary.

Article 91. (1) For performance of its duties, the Market Surveillance Unit can conduct special investigations, and if necessary, require from BGH members and their traders:

1. to disclose of information and documents;
2. to carry out inspections;
3. to disclose the economic beneficiary of the transactions.

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

Article 92. The BGH Market Surveillance Unit reports on a regular basis or upon a request to the BGH Executive Director and BGH Board of Directors.



Article 93. (1) BGH cooperates fully with the National Regulatory Authority (EWRC) in order to ensure regulated, efficient and transparent trading.

(2) 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.

(3) 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 the Unit, to the extent that this is necessary to ensure the orderly conduct of trading and the settlement of transactions.

(4) Such data may 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.

## **Chapter Six. REMIT Organized Market Reporting**

Article 94. In order to ensure compliance with the provisions of Article 6, para. 1 of Regulation (EU) 1348/2014 upon the request of a BGH Member/Trading Platform participant, BGH offers services related to the fulfilment of the obligations arising from Regulation (EU) 1227/2011.

Article 95. (1) BGH Members may choose one of the following three options in relation to the provision/reporting of data by Balkan Gas Hub on the trade transactions of each customer (market participant), or refusal of services, as follows:

1. Signing an Agreement for the provision of data – provision of a REMIT Data\* File directly to the market participant via a web-based customer profile for individual access to the relevant information (in XML format); or
2. Signing a Reporting Agreement – Reporting of REMIT Data to ACER on behalf of the market participant (BGH Member) for standard/non-standard contracts executed or registered via BGH's system, which are reportable via REMIT Table 1 or REMIT Table 2; or
3. Declaration for refusal of services and self-reporting by the market participant.

(2) Both Agreements offered by BGH as well as the Declaration are published on the BGH website altogether with a price list of the services.

## Annex 1: Definitions

1. **“ACER”** or **“Agency for the Cooperation of Energy Regulators”** was established by the Third Energy Package to further progress the completion 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.
2. **“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.
3. **“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.
4. **“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.
5. **“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.
6. **“Contract(s)”** mean contracts for purchase or sale of natural gas or products traded on the TP as defined under the Market Rules and Market Notices (if applicable).
7. **“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.
8. **“Applicants”** means legal persons who are in the process of applying for BGH Membership to be admitted as Members.
9. **“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.
10. **“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.
11. **“Counterparty” (CP)** means a counterparty/party to a trade on the TP (being a buyer or seller).
12. **“STSP”** or **“Short Term Standardized Product”** means a continuously traded short-term standardized product traded on a TP.

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

**14. “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.

**15. “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 NGTN is owned and operated by Bulgartransgaz EAD.

**16. “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.

**17. “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 BGH, the TSO is Bulgartransgaz.

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

**19. “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.

**20. “BGH Market” or “BGH organized natural gas exchange market”** is the aggregation of all organized market segments, operated and administered by the natural gas exchange market operator, including a segment of trade in short-term standardized products according to Regulation (EU) № 312/2014, in which segments natural gas and gas derivatives transactions are concluded.

**21. “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.

**22. “Market data”** is data received from transactions on the BGH Market, including but not limited to quantities, reference prices of tradeable products on the BGH Market, price indexes, which are published by BGH in aggregated form while maintaining the anonymity of participants in transactions.

**23. “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.

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

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

**26. “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.

**27. “TP”** or **“Trading Platform”** within the meaning of Regulation (EU) 312/2014 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.

**28. “Title products transactions”** are gas ownership transfer transactions between two balance portfolios of a Virtual Trading Point.

**29. “BGH Trading System”** is a set of IT solutions, including the Electronic Trade System (ETS) of Trayport, application-programming interfaces (API) and other software products and solutions necessary for the realization of the trading activity of Balkan Gas Hub EAD and its Members on BGH organized natural gas exchange market.

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

**31. The “term of the contract”** for gas supply is the one for which there are firmly agreed average daily quantities for delivery on a daily basis, without interruption of supplies during the contract period (with the possibility to change the average daily quantity according to the contract flexibility), the unit price or the price calculation mechanism for these deliveries is clearly and firmly set in such a way as to enable both parties to set it at any time during its implementation, without the need for additional negotiations or clarifications between them.

**32. “Standardized contract”** or **“Standard contract”** is a contract for a wholesale energy product, admitted to trade on an organized market, irrespective of whether the trade is actually realized on this market;

**33. “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.

**34. “Trading data”** is individualized data for each participant in transactions on the BGH Market, which are not made public and contain sensitive information in relation to quantity and price for each tradeable product on the BGH Market.

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

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

**37. “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.

**38. “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.

**39. “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.

**40. “VWAP”** - Weighted average (by volume) price for the respective product.

**BALKAN GAS HUB TRADING PLATFORM**

**MEMBERSHIP AGREEMENT**

**Today ....., by and between:**

**Balkan Gas Hub EAD**, having its seat and registered address in: Republic of Bulgaria, Sofia, post code 1756 Sofia, Studentski region, residential district Darvenitsa, Sv. Kliment Ohridski Blvd., next to bl. 19, Kintex Business Building and registered in the Commercial Register of the Registry Agency of the Republic of Bulgaria with UIC 205478458, VAT No BG205478458 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 N0 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");
- This BGH Membership Agreement (**“Membership Agreement”**) enters into force as of the day of its signature by both Parties,

The Parties agreed on the following:

**1. SUBJECT OF THE AGREEMENT**

1.1. The Applicant requests to be provided with access to the BGH Market, Short Term Segment and Long Term Segment and to participate on its own behalf and/or on behalf of Third Parties, as

defined in Balkan Gas Hub EAD Trading Platform Rules and its Annexes, and the 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 for membership hereby expressly declares that:

- a) the registration form is correctly and duly completed and signed by an authorized representative;
- 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 Participation 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 fee of the natural gas trading platform, the transactions' 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 /account in BGN/*

*1000 Sofia, 2 Slavyanska Str.*

*Bulgarian-American Credit Bank*

*SWIFT (BIC): BGUSBGSF*

*IBAN: BG45BGUS91601406916800 /account in EUR/*

*1000 Sofia, 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 or the Market Rules, GHB 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 as provided in the applicable regulations and national legislation.



## 7. TERMINATION

This Agreement shall terminate:

- 7.1. by one month's 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 of a lack of agreement on the negotiation path, the correct 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).

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FOR [NAME OF APPLICANT]

From: *[Insert name of authorised signatory]*  
Job position: *[Insert job position of authorised signatory]*  
Date: *[Insert]*

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BALKAN GAS HUB EAD

From: *[Insert name of authorised signatory]*  
Job position: *[Insert job position 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**.

<b>Company details</b>	
Company name (legal entity) *	
UIC*	
VAT ID*	
Energy Identification Code (EIC)*	
ACER code*	
Registered address (Country, city, street, PB)*	
Website	
General Contact Person (Name, phone, email, address)*	

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

<b>Bank information</b>	
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

- a copy of a concluded contract for VTP use;
- a copy of concluded contract for access and transport (if applicable);
- ✓ current status certificate 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;
- ✓ balance sheets 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 agree Balkan Gas Hub EAD to administrate and process the personal data provided according to 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 agree Balkan Gas Hub EAD to report on our behalf the details of the contracts concluded to the Agency for the Cooperation of Energy Regulators (ACER) according to 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)*

### 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) (not earlier than 2021)**

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 transaction
- ✓ Delivery time: 1 hour (according to lead time and maturity)
- ✓ Load Type: Base Load
- ✓ Price Unit: BGN/MWh
- ✓ Trade Mode: Continuous Trading
- ✓ Minimum transaction 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 a short-term product within the day - the lead time is 3 hours from the next round hour after the end of the hour (1 astronomic hour) for transaction conclusion. Transactions concluded between 3:00 and 6:00 h on gas day d shall refer to gas day d + 1 based on the lead time. It can also be called a product for the rest of the day. The parameters of the WD product are as follows:

- ✓ Lead time: 3 hours from the next round hour after the hour of transaction conclusion
- ✓ 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 transaction size: 1 MWh/d

✓ Trading hours: 24/7, as follows:

Transaction conclusion time frame, day	Start of physical delivery, WD for day d - 3 h lead time	Period of Physical Delivery
03:00 – 04:00, day d-1	07:00-07:00	24 hours
04:00 – 05:00, day d-1	08:00-07:00	23 hours
05:00-06:00, day d-1	09:00-07:00	22 hours
06:00 – 07:00, day d-1	10:00-07:00	21 hours
07:00-08:00	11:00-07:00	20 hours
08:00-09:00	12:00-07:00	19 hours
09:00-10:00	13:00-07:00	18 hours
10:00-11:00	14:00-07:00	17 hours
11:00-12:00	15:00-07:00	16 hours
12:00-13:00	16:00-07:00	15 hours
13:00-14:00	17:00-07:00	14 hours
14:00-15:00	18:00-07:00	13 hours
15:00-16:00	19:00-07:00	12 hours
16:00-17:00	20:00-07:00	11 hours
17:00-18:00	21:00-07:00	10 hours
18:00-19:00	22:00-07:00	9 hours
19:00-20:00	23:00-07:00	8 hours
20:00-21:00	00:00-07:00	7 hours
21:00-22:00	01:00-07:00	6 hours
22:00-23:00	02:00-07:00	5 hours
23:00-24:00	03:00-07:00	4 hours
24:00-01:00	04:00-07:00	3 hours
01:00-02:00	05:00-07:00	2 hours
02:00-03:00	06:00-07:00	1 hour

✓ 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: Contract Size: the agreed size equally distributed over the remaining hours until the end of the gas day according to lead time

### **Day ahead / Weekend / Holiday**

The product Day Ahead (DA) product is a short-term product with a delivery term of 24 hours at the end of the next gas day. The products Weekend and Holiday have different delivery times (for Weekends and several consecutive holiday days they have extended delivery times). The parameters are the same, namely:

- ✓ Delivery time:
  - DA: The next gas day from 07:00 EET/EEST (d+x) until 07:00 EET/EEST ((d+x)+1)
  - Weekend: from 07:00 EET/EEST (Saturday gas day d) until 07:00 (Monday gas day d+2) EET/EEST (48 h). The holidays close to weekend (Mondays and Fridays, Easter and Christmas holidays etc.) shall be offered as a produced entitled Extended weekend, but no more than 5 consecutive days, in these cases the weekend product may be for 72 hours, 96 hours or 120 hours.
- ✓ Load Type: Base Load
- ✓ Price Unit: BGN/MWh
- ✓ Trade Mode: Continuous Trading
- ✓ Minimum transaction size: 1 MWh/d
- ✓ Trading hours: DA - 24/7
  - Weekend/Holiday: traded from 09:00 am until 03:00 am on the last business gas day (Thursday) before the beginning of the Saturday gas day (Weekend) or from 09:00 am until 03:00 am two days before the public holiday (Holiday). Holidays close to a weekend shall be included in the weekend product entitled Extended Weekend but no more than 5 consecutive gas days.
- ✓ 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 hours - the size of the contract is equal to the size of the transaction
  - Weekend: 48 h - the size of the contract is equal to the size of the transaction multiplied by 2
  - Extended Weekend (72 hours, 96 hours or 120 hours when the products Holidays are included in the product Weekend) - the contract size equals the size of the transaction multiplied by the number of days (3 at 72 hours, 4 at 96 hours or 5 at 120)

- Holiday (apart from Monday and Friday) - the size of the contract is equal to the size of the transaction multiplied by the number of consecutive holiday days, if more than one.

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 (after 03:00 am) EET/EEST and changes to delivery in the next business day. The visible name of the product will always show “DA” and not the specific delivery date.

Weekend/Extended Weekend product shall be published on the Platform's website in Products and Services 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 transaction
- ✓ 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 transaction 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 number of the delivery hours

### **Available Delivery Areas**

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

#### **a) Virtual Trading Points (Balancing Zones)**

Each admitted trading user is allowed to initiate bid/ask orders and execute already visible orders at both VTPs; after the unification of the two balancing zones by the TSO, the products will be changed accordingly.

1. VTP National Gas Transmission Network
  - 58Z--VTPN-NAT--1
2. VTP Gas transmission network for transit transmission
  - 58Z--VTPT-TRA--J

## **6) 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.

3. Negru Voda 1/Kardam
  - 21Z000000000159I
4. Negru Voda 2.3/Kardam
  - 21Z000000000160X
5. Kulata/Sidirokastron
  - 21Z000000000020C
6. Ruse/Giurgiu
  - 21Z0000000002798
7. GMS Chiren
  - 21Z000000000349D
8. GMS Galata
  - 21Z000000000375C
9. GMS Dolni Dabnik
  - 21Z000000000374E
10. Strandzha 2/Malkoclar
  - 58Z-00000015-S2M
11. Strandzha/Malkoclar
  - 21Z000000000157M
12. Stara Zagora/IGB
  - 58Z-IP-00034-STZ- EXIT



## Annex 4: Long-term segment

BGH long-term segment	
<b>Segment</b>	BGH Long-term anonymous segment
<b>Products' Names</b>	Weekly (up to 52 weeks ahead), Monthly (up to 52 months ahead), Quarterly (up to 20 quarters ahead), Calendar Year (up to 5 years ahead)
<b>Description</b>	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 of the weekly product starts at 7:00 a.m. each Monday until 7:00 a.m. on the next Monday.
<b>Delivery Point</b>	<p>Delivered as default contract to VTPN 58Z--VTPN-NAT—1 or VTPT58Z--VTPT-TRA—J (a virtual point on the national balancing zone or a virtual point on the transit balancing zone) of Bulgartransgaz EAD gas transmission system.</p> <p>For brokering service: Exit point according to the respective balancing zone.</p> <p>Other physical points are possible as well, for instance from local production.</p>
<b>Product</b>	Natural gas at GCV 25°/20°
<b>Contract Unit</b>	MWh/d for the period
<b>Minimum transaction size</b>	1 MWh/d
<b>Price Unit:</b>	BGN / MWh/d
<b>Price step / price multiple of:</b>	0.01 BGN / MWh/d
<b>Trading hours</b>	9:00 a.m. – 5:00 p.m. from Monday to Friday
<b>Trading days</b>	Trading for each product ends on the last business day prior to the delivery of each tradeable product.
<b>Settlement and balancing</b>	Trading information is submitted from BGH to Bulgartransgaz EAD for transport and balancing purposes in the form of a standard trade notification, aggregated as a result of all transactions for the day of the relevant member.
<b>Total contract size</b>	The size of the transaction multiplied by the number of days in the period. For example, for a transaction for product March 2020 of 10 MWh/d, the contract size shall be 310 MWh and a transaction fee shall be due for that amount.

BGH offers long-term non-anonymous bilateral contracts which can be traded on the BGH market by registration in the Trayport Transactions Module. For the needs of this service, both parties to a bilateral contract should be TP members with a right to trade on the VTP and provide the following information to the BGH no later than 3 pm on the first gas day of the delivery period of the respective product:

- Parties to the transaction;
- Product – according to Annex No.4 or after paying the respective fees, non-standardized product in terms of its term;
- Clearly defined price - if the price is changing by formula or indexation, the price provided should be as accurate as possible at the time of submission of the information; the formula or index must be based on public and publicly accessible data;
- Total agreed quantity;
- Title-transfer point of the gas and the relevant evidence, licenses and permits to trade at this point, if other than VTP.

BGH reserves the right to determine the way of receiving the information and to require additional documents regarding the transaction.

In view of concluding and registering contracts on the non-anonymous segment, which could have a potential change in the total agreed quantity and/or change in the total delivered quantity via the functionality for flexibility of the daily deliveries, as well as the accompanying possibility of price amendments, both parties are obliged to provide to BGH the contract for registration in the "Trades" module to its conclusion for the trading period of the product, as well as the final data regarding the daily average quantity and average quantity price on the first working day after the end of the invoice period. If data has to be updated during the implementation period, the Parties are also obliged to provide BGH with the updated data, where BGH has the right to deny such update if it is in conflict with these market rules or the legislative framework.

Both counterparties are entirely responsible in cases in which they have wrongly provided data when they have selected Balkan Gas Hub EAD to report on their behalf as a third party regarding transactions according to the provisions of REMIT and reporting such wrong data to the REMIT reporting system results in harmful effects for both parties and/or BGH.

Both counterparties are entirely responsible if through any subsequent change aim to avoid legislative requirements, including the provisions of these Rules with the aim of market manipulation, personal benefit from market manipulation and/or anti-competition and misleading behaviour and/or any other breach of the acting legislative framework of the EU and/or Bulgaria.

Throughout the whole time of the trade being done, its execution and the amendments made until its final execution, both parties are obliged to amend parameters of the transaction only in cases justified by market changes to the BGH market or related markets or if they are derived from the need to meet the demand and supply of gas in a market friendly way, without other unlawful or intolerable purposes, defined as attempts for market manipulation, market manipulation or market breaches, in accordance with Regulation (EU) No 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency, 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 in terms of data reporting and

the national legislation of Bulgaria.

The prices reached on-screen for short-term or long-term transactions are not subject to change under any circumstances because of the anonymous character of the transactions and in order to avoid market manipulation attempts, market manipulation or market breaches, including wrong or misleading signals.

## **Annex 5: General terms to the Trading Platform Rules**

### **GENERAL TERMS AND CONDITIONS TO BALKAN GAS HUB TRADING PLATFORM RULES WITH THE PARTICIPATION OF BULGARTRANGAZ EAD**

#### **SECTION I. SUBJECT OF THE GENERAL TERMS AND CONDITIONS**

Article 1. The General terms and conditions regulate the rights and obligations of the parties, arising as a result of concluded transactions for purchase and sale of natural gas on the short-term segment of the trading platform of Balkan Gas Hub EAD through the software product Trayport Joule, in cases where a party to the transaction is Bulgartransgaz EAD in its capacity of transmission system operator (TSO).

Article 2. TSO can be both, Seller and Buyer on the short-term segment of the platform.

Article 3. The ownership and the risk of the natural gas delivered under this contract are transferred between the Seller and the Buyer three hours after concluding the within-day product transaction, and for day-ahead products - from the beginning of the gas day to which the product relates.

Article 4. The quantity and price of short-term transactions are determined on the basis of electronically concluded transactions through the Trayport Joule software product. Updated version of Balkan Gas Hub EAD Trading Platform Rules is applicable to the tradeable products specification of the short-term segment, including but not limited to start of delivery, delivery period, and agreed quantity per day in MWh.

Article 5. The Seller warrants to the Buyer that it has the right to transfer (or initiate the transfer) the rights to the product to be delivered at the point of delivery, without any encumbrance or rights to third parties. If the Buyer incurs damages as a result of breach of the warranties provided above with respect to the product being supplied or part of it, the Seller shall indemnify the Buyer in full.

#### **SECTION II GENERAL PROVISIONS**

Article 6. All terms in these General terms and conditions are as defined in the Natural Gas Trading Platform Rules (the "**Rules**").

Article 7. All Trayport Joule transactions are an integral part of the General terms and conditions which together and collectively stipulate the Parties' rights and obligations, including but not limited to time limits, natural gas quantity, prices, payment method and all other parameters regarding the concluded transactions subject to the General terms and conditions.

Article 8. By signing the Membership agreement on the platform of Balkan Gas Hub EAD, the Parties agree that for each natural gas purchase and sale transaction between them in the short-term segment, they will prepare an excerpt from the platform, Joule menu, Trades/Transactions submenu, which will form an integral part of these General terms and conditions and will contain the product's quantity, transaction price, day and point of delivery, and other transaction-specific data. The excerpt is the basis for issuing an invoice and payment between the Parties.

Article 9. Concluding a transaction through Trayport Joule shall be binding for the Parties to the

contract, the Seller being obliged to provide the respective agreed natural gas quantity, and the Buyer is obliged to accept and pay it within the stipulated deadline.

### **SECTION III NATURAL GAS QUANTITY AND QUALITY**

Article 10. The natural gas quantity subject to delivery under these General terms and conditions shall be determined by mutual agreement through the respective transaction under Article 1.1 above.

Article 11. The gas quality indicators shall meet the transmission system operator's requirements for the respective delivery point.

### **SECTION IV PRICE AND PAYMENT CONDITIONS**

Article 12. The delivery price under the contract shall be determined by mutual agreement through the respective transaction under article 1 above. It shall be set for MWh/d excluding VAT and excise duty.

Article 13. The Seller shall issue an invoice every Monday for the value of the product/s sold during the last Thursday, Friday, Saturday and Sunday and every Thursday for the value of the product/s sold during the last Monday, Tuesday and Wednesday. The reporting period begins from the first day of the month and ends on the last day of the reporting month. The reporting period begins from the first day of the month and ends on the last day of the reporting month.

Article 14. In case the relevant Monday or Thursday is a non-working day, the invoice shall be issued on the first following working day.

Article 15. The Buyer shall pay the value of the product under the transaction within 3 (three) working days as of the date of receipt of the electronic invoice onto the bank account indicated by the Seller in the invoice.

Article 16. In case of counter-claims, the Parties may expressly agree that they will be offset to the lesser amount, sign an offsetting protocol and issue the respective documents.

Article 17. The date of making payment under this contract shall be considered the date of crediting the Seller's bank account.

Article 18. Where there is evidence that the invoiced natural gas quantities differ from those actually agreed upon in a transaction, the Parties shall be obliged to inform each other in due time of the differences and to coordinate corrective actions, including invoicing and payment.

Article 19. The invoices, respectively credit/debit notices, under this contract shall be sent by e-mail.

Article 20. If within the term specified in Article 15, the parties do not pay the amounts due, they shall owe the other party a penalty equal to the statutory interest on the outstanding amount, for the entire period of delay, including the date of final payment.

### **SECTION V. TRADE DEPOSIT**

Article 21. A member of the platform who wishes to enter into transactions with the TSO shall:

1. have a trade deposit or
2. Provide a written request to the TSO, indicating what amount of the deposited sum to the TSO's bank account, which constitutes a collateral under its Balancing Contract signed with the

TSO, shall be utilized for trade, in accordance with the amount indicated in article 22. The collateral under the Balancing Contract is reduced as per the sum indicated in the written request. This sum is directed towards a trade deposit only if the Member of the platform has enough limit available over the one required to cover the Balancing Contract. In case the Member of the platform does not have enough limit available over the one required to cover the Balancing Contract, the TSO denies the transfer of the sum to a trade deposit. Written requests shall be submitted electronically to the following address: [info@bulgartransgaz.bg](mailto:info@bulgartransgaz.bg), on working days from 8.30 am to 4.00 pm.

Article 22. Trade Deposit Amount is:

1. (Option 1) The minimum value of the trade deposit is in the amount of the BGN equivalent of 2,500 MWh at a natural gas price including VAT, at which the public provider sells natural gas to the public suppliers and customers connected to the gas transmission network, excluding the natural gas access and transmission price at the time of its provision.
2. (Option 2) The minimum value of the trade deposit is in the amount of the BGN equivalent of 1,250 MWh at a natural gas price including VAT, at which the public provider sells natural gas to the public suppliers and customers connected to the gas transmission network, excluding the natural gas access and transmission price at the time of its provision.
3. (Option 3) The minimum value of the trade deposit is in the amount of the BGN equivalent of 625 MWh at a natural gas price including VAT, at which the public provider sells natural gas to the public suppliers and customers connected to the gas transmission network, excluding the natural gas access and transmission price at the time of its provision.

Article 23. (1) A member of the platform provides the trade deposit under article 22. in the form of a cash deposit. The deposit amounts shall be placed in BGN or in their equivalent in EUR, calculated at the fixed exchange rate of the BNB, to the following bank accounts:

- Bank account in UniCredit Bulbank AD in BGN:  
BG52UNCR76301078435701
- Bank account in UniCredit Bulbank AD in EUR:  
BG88UNCR76301476061042

(2) The deposit placing shall be certified by a payment order for the amount paid. In a reason for the payment order shall be recorded "trade deposit". After receiving the minimum trade deposit, the TSO shall send information to BGH about the relevant amount of the trade deposit and that it can trade with the respective member of the platform

Article 24. When a member of the platform purchases a certain amount of natural gas from the TSO, his available trade deposit shall be reduced by the value of the purchased natural gas, including VAT.

Article 25. The available trade deposit shall be refunded to the original value after payment of the invoices for transactions made on the platform and/or after placing an additional amount on the trade deposit.

Article 26. When the trade deposit falls below its minimum value, under Article 22. the TSO shall notify BGH that it suspends future transactions with the platform member until the minimum value of the trade deposit is refunded as per the value required under Article 22. BGH shall cancel a trade in case of insufficient amount of the trade deposit under Article 22

Article 27. The TSO shall not owe to a member of the platform interest for the time during which

the amount of the trade deposit has been retained by him, according to the General terms and conditions, nor any additional payments of fees, expenses, etc. related to the security provided.

Article 28. A member of the platform may submit an application for return of all or part of the trade deposit in the absence of liabilities to the TSO at the time of submission of the application.

Article 29. (1) The TSO, after verifying for absence of liabilities of the platform member, shall return the trade deposit up to the amount of the requested value in the application within 5 (five) business days of its receipt.

(2) In case of delay in payment of more than 5 calendar days by a member of the platform, the TSO has the right to use the collateral provided to him up to the amount due, including the value of the issued invoice, VAT included (if applicable) and the accrued penalties for late payment by the time of utilization.

Article 30. The TSO shall publish on its website information on the amount of the minimum value of the trade deposit, as well as information for the platform members meeting the TSO requirements and with whom it may enter into transactions to which the TSO is the selling party.

Article 31. The TSO may be a purchasing party without restrictions, and upon purchase it shall verify the physical availability of the purchased natural gas on the balancing portfolio of the selling party for the respective gas day. If the TSO finds that the selling party is in a negative imbalance for the respective gas day, it shall require from BGH to cancel the transaction and the seller shall pay the transaction fee due to BGH.

## **SECTION VI. PENALTIES**

Article 32. In case of delay in payment of the amount due under this contract, the Buyer owes to the Seller the statutory interest for delay on the overdue amount for each day of delay calculated on the basis of 360 days.

Article 33. In the event that a transaction is not concluded due to wrongful conduct of one of the parties such as, but not limited to, exclusion from platform membership, lack of sufficient creditworthiness towards the transmission system operator and others, the default party owes to the non-default party a penalty of 100% of the value of the respective transaction.

## **SECTION VII. APPLICABILITY**

Article 34. These General terms and conditions shall enter into force on the date of their publication and shall be applicable for an indefinite period.

## **SECTION VIII. FORCE MAJEURE**

Article 35. (1) The Parties shall not be liable for failure or delay in performance of their obligations, if and to the extent that performance is hindered or delayed by the occurrence of a force majeure, the effects of which could not have been prevented, mitigated or overcome by the exercise by the Party concerned of reasonable steps or diligence ("**Force Majeure**").

(2) If within the above requirements, the events or circumstances that constitute force majeure include the following:

1. fire, flood, explosion, atmospheric disturbance, lightnings, typhoon, tornado, natural disasters such as floods, earthquakes, storms, hurricanes, landslide, soil erosion, decay, washout, epidemic or

other natural forces or disasters;

2. production incidents, civil unrest, uprisings;

3. wars (whether declared or not), riots, strikes, boycotts, terrorism, sabotage, blockades, embargoes, protests, acts of public enemies, piracy or civil or military protests;

4. acts of governments or governmental bodies or compliance with such acts that directly affect the Parties, except to the extent they constitute legal remedies or sanctions lawfully exercised by a governmental authority as a result of a breach of a directive or law in force as at the date of this Contract;

5. a malfunction in the communications or computer systems of the relevant TSOs which prevents the affected Party from fulfilling its obligations related to gas supply and take-over;

6. an event that affects the operation of the gas transmission system by one or the other Party at the point of delivery, including unplanned repair works, emergencies or accidental damage;

(3) The following events do not constitute force majeure:

1. Failure or inability of one of the Parties to pay a sum payable under the contract;

2. the possibility for the Seller or Buyer to obtain better economic conditions for the product from alternative third parties;

3. changes in the market or the general economic conditions, including changes in the market prices of the product.

(4) If any Party intends to claim exemptions in cases of force majeure with respect to a particular transaction (the "**Affected Party**"), it shall promptly notify the other Party (the "**Non-affected Party**") in writing as soon as reasonably possible, indicating in the notification ("**Force Majeure Notification**") the following:

1. the force majeure information that underlies the force majeure request, in as much detail as possible, including the time of its occurrence, supported by the respective documents issued by a competent authority, including, but not limited to, Chamber of Commerce, and

2. the obligations whose performance is actually hindered or delayed and an estimate (made in good faith) of the time during which the affected Party considers that performance is likely to be hindered or delayed.

(5) Unless otherwise agreed in writing between the Parties, if:

1. force majeure occurs and continue for a period of no less than 30 (thirty) calendar days; and

2. The affected Party is completely prevented from performance, or is to a great extent unable to fulfil its obligations under the Contract or a specific additional agreement, then either Party may decide to terminate the contract without liability to the other party by submitting 30 (thirty) days written notice to the other Party.

Article 36. In the event of termination under Article 35, neither Party shall bear additional liability to the other with respect to this Contract, except for rights that have arisen prior to force majeure occurrence.



## **SECTION IX. TAXES**

Article 37. The Seller owes payment of all costs, taxes or levies prior the delivery point and the Buyer should pay all costs, taxes or levies that apply at and after the delivery point.

Article 38. If one Party has to pay taxes that are not applicable under Article 37, the other Party should reimburse her for the costs so incurred.

Article 39. If, within the term of validity of these General terms and conditions, the applicable taxes change for reasons beyond the control of the Parties, the Parties agree to discuss in good faith the changes that should be made to these General terms and conditions in order to timely avoid the occurrence of adverse effects on the Parties.

## **SECTION X. REPRESENTATIONS AND WARRANTIES**

Article 40. Each Party shall represent and warrant to the other Party that at the time of concluding the transaction:

1. it is a company duly established and existing in any respect under the laws of the jurisdiction in force at the time of its registration;
2. there are no legal or regulatory restrictions to sign and execute these General Terms and Conditions at the delivery point;
3. it has all the permits and licenses required for signing, execution and delivery of the quantity subject to each specific transaction;
4. no default event has occurred and does not occur with respect to the other Party, and such an event or circumstance will not occur as a result of signing or performance of their obligations under these General Terms and Conditions;
5. acts professionally in relation to its core business in compliance with the applicable legislation and the Rules;
6. has taken an independent decision to conclude transactions, does not rely on advice or recommendations from another party and can evaluate the benefits on its own, and understands and accepts the terms and risks of these General Terms and Conditions;
7. is not insolvent or bankrupt, there are no pending or threat of legal or administrative lawsuits to which the company is a party which, to its knowledge, would significantly and adversely affect the performance of the obligations arising out from these General Terms and Conditions so as to be at risk or declare insolvency.

## **SECTION XI. CONFIDENTIALITY**

Article 41. Neither Party shall directly or indirectly disclose confidential information about the other Party which has become known to it in connection with or on the occasion of the performance of these General Terms and Conditions without its prior written consent.

Article 42. Confidential information is the price agreed upon between the Parties for sale and purchase of natural gas, as well as the specific quantities, terms of delivery and any other sensitive commercial information.

Article 43. The Parties declare that the operator of the trading platform Balkan Gas Hub EAD has the exclusive right of ownership of the commercial information provided by them voluntarily in

connection with the transactions, and that it has the right to dispose of it in accordance with the terms and requirements of the Rules.

Article 44. The Parties may disclose confidential information without the consent of the other Party and solely in connection with the implementation of these General terms and conditions:

1. to its affiliates and employees;
2. to professional advisers and consultants of the Party, including legal consultants, accountants, bank or financial institutions and other agents;
3. insofar as required by applicable law, regulation or exchange rules, respectively by the TSO or the regulatory authority in connection with judicial or regulatory proceedings; provided that, as far as it may be permitted by law, regulation or rule, each Party uses reasonable efforts to prevent or restrict disclosure and to give the other Party prompt notice thereof.
4. if the confidential information becomes public in a manner that is not in breach of this Article 44.

## **SECTION XII. ASSIGNMENT**

Article 45. Without the prior written consent of the other Party, which cannot be unreasonably withheld, neither Party may assign its rights or obligations under these General terms and conditions.

## **SECTION XIII. AMENDMENTS AND TERMINATION**

Article 46. These General Terms and Conditions may be amended or supplemented by the mutual written agreement between the TSO and Balkan Gas Hub EAD in accordance with the Rules of the trading platform of Balkan Gas Hub EAD.

Article 47. Balkan Gas Hub EAD shall have the right to reject/cancel transactions in the following cases:

1. Upon termination of membership of one of the Parties on the trading platform;
2. in case the counterparty – network user or trader had lost its right to access to the gas transmission network and/or its right to submit trade notifications had been limited or suspended, including due to insufficient amount of the mandatory collaterals. In such cases all members of the trading platform shall be notified via a market notice.
3. In case the member of the Platform does not have enough limit available, required to cover the relevant trade with the TSO.

Article 48. In the event of termination of these General Terms and Conditions, the Parties undertake to fulfil in good faith their obligations arising from transactions concluded before the date of termination hereof.

## **SECTION XIV. NOTICES**

Article 49. All notices hereunder shall be valid only if received in one of the following ways:

1. to the official registered addresses of the two companies as indicated in the General Terms and Conditions;
2. to the following addresses: [info@bulgartransgaz.bg](mailto:info@bulgartransgaz.bg) (for Bulgartransgaz EAD) and [admin@balkangashub.bg](mailto:admin@balkangashub.bg) (for Balkan Gas Hub EAD)
3. All costs associated with sending notifications shall be borne by the sending Party.

## **SECTION XV. OTHER TERMS AND CONDITIONS:**

Article 50. Upon the signing of the Membership agreement on the platform of Balkan Gas Hub EAD these General terms & conditions become binding upon the Parties and regulate their relationship, arising out from transactions on the short-term segment of the trading platform using Trayport Joule.

Article 51. In case of changes in the current legislation and/or conditions for the provision of gas access and transmission services by Bulgartransgaz EAD or changes in the Rules of Balkan Gas Hub EAD, the General terms and conditions shall change in accordance with these changes.

Article 52. Disputes arising out from these General terms and conditions or related thereto, including disputes arising out from or related to their interpretation, invalidity, implementation or termination, as well as the disputes about filling gaps herein or their adaptation to newly arisen circumstances shall be referred for settlement to the competent court.

Article 53. For any outstanding issues not settled by these General terms and conditions and the Rules, the provisions of the effective legislation of the Republic of Bulgaria shall apply.