

# **TRADING PLATFORM RULES BALKAN GAS HUB EAD (BGH)**



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**Version 4.0**



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## 1. General principles

### 1.1. Introduction of the company

BALKAN GAS HUB EAD (“**BGH**”) is a sole member shareholding company, registered on 18.01.2019. As of June 2020, Bulgartransgaz EAD (“**BTG**”), a combined operator offering natural gas transmission and storage services, owns 100% of the shares.

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

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

On November 15, 2019, Trayport Limited (Trayport) and Balkan Gas Hub EAD entered into an agreement to implement the Trayport Exchange Trading System (ETS) for the trading needs of Balkan Gas Hub EAD. Trayport's ETS is a 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 organize physical and financial markets and provides exchanges with a single solution for transparent price dissemination, matching of interest and fair trading. Through ETS, exchanges can offer their trader clients direct access to market liquidity via Trayport Joule trading screen, Europe's leading electronic trading solution for energy markets, including the opportunity to register non-anonymous bilaterally concluded deals.

As of December 9, 2019, Balkan Gas Hub EAD introduced ETS for the needs of 2020 gas release programme, laid down in Art. 176a of the EA, for which BGH provides the electronic environment for conduction of the auctions.

As of January 2, 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/or anonymous), brokering segment, and at a later stage cleared contracts will be introduced, that meet the needs of Bulgarian market players.

In addition to short-term standardized products, in accordance with NC BAL, on the trading platform standardized bilateral long-term contracts are available for monthly, quarterly, annual/for five years ahead products, pursuant to Art. 176 of the Energy Act, as well as non-anonymous contracts.

According to the provisions of Art. 176 of the Energy Act, transactions in natural gas with a period for delivery less than or equal to one year shall be concluded on the organized natural gas exchange market.

The term of the natural gas delivery contract is that for which there is an agreed total quantity, as well as agreed daily average quantities for daily delivery, without terminating the delivery during the period of the contract (with the possibility to amend the daily average quantity according to the flexibility provisioned in the contract), for which deliveries the price



or the mechanism for its amendment is clearly stated in a way that gives both parties the opportunity to determine it at any point of the execution of the contract.

Standardized contracts for natural gas purchase and sale for the needs of the Bulgarian market are available to market participants, both for short-term and long-term products.

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

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

BGH ensures compliance with Regulation (EU) № 1227/2011 of the European Parliament and of the Council on wholesale energy market integrity and transparency (“REMIT”) through reporting the necessary information to ACER and applying monitoring measures to ensure the prevention of insider information trading and market manipulation attempts. BGH offers on its website a REMIT Reporting Agreement for the transactions in wholesale energy products executed on the BGH organized market in compliance with the provisions of Art. 6(1) of the Regulation (EU) No 1227/2011 (REMIT IR) on wholesale energy market integrity and transparency in relation to data reporting.

For the purposes of this document, “**BGH Organized Natural Gas Exchange Market**” and “**BGH Market**” mean the same.

In this document and in the accompanying Trayport User Guides, **instrument** and **product** shall mean the same. Instruments (products) are the subject of the contracts for purchase and sale.

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

## **1.2. BGH Market Organization**

### **1.2.1. Business scope**

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

In order to ensure 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 the implementation of REMIT together with the price list of the services, are published on the GHB website. 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 the implementation of REMIT together with the price list of the services, are published on the GHB website.

### **1.2.2. Operating Company**



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

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

### **1.2.3. BGH TP Members**

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

### **1.2.4. Operation of BGH TP/ BGH Market**

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



defines membership criteria for the BGH Market;



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



defines products tradeable on the BGH;



sets the requirements and procedures for trading with the products;



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



establishes and publishes reference prices for the separate products;



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 buy and sell prices, applicable for the purpose of determining the imbalance charge by the TSO;



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



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



offers data reporting agreements to BGH members and reports data on their behalf according to Art. 6 (1) of Regulation (EU) No. 1348/2014, or provides to its members



the necessary reporting data, when applicable;

### **1.2.5. Official Language and Announcements**

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

BGH Market notices are sent electronically and are published on the BGH website, for which BGH Members shall be informed via email. Market notices are binding for BGH Members only if the members have been duly informed of their publication/actualization via email.

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

After registering as members of the trading platform, all BGH 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.

## **1.3. Legal and Regulatory Framework**

### **1.3.1. General Principles and Provisions of BGH**

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

#### **1.3.1.1. Membership Agreement**

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

The Membership agreement is Annex 2 to these Market Rules. In order to choose a fee plan and a number of additional screens (with the Classic plan), a Declaration for the choice of a fee plan is available on the Balkan Gas Hub website. In the case of submission of a new declaration for the purpose of changing the fee plan, the respective change shall enter into force up to 3 working days after it has been provided to Balkan Gas Hub. All deals, concluded before the day when the change of the fee plan enters into force are charged according to the previous fee plan, except for cases when Classic fee plan is changed to Basic during the month for which the monthly fee has already been paid. In this case, the paid monthly fee gives the member the right to trade using the Classic transaction fee during the respective calendar month.

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



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

### **1.3.1.2. BGH Natural Gas Trading Platform Rules**

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



These Trading Platform Rules;



Annexes 1 – 5 to the Trading Platform Rules:

- Annex 1 – Definitions;
- Annex 2 – Membership Agreement;
- Annex 2A – Registration Form;
- Annex 3 – Short-term segment (Short-term products);
- Annex 4 – Long-term segment (Long-term products);
- Annex 5 – General terms and Conditions to the Trading Platform Market Rules



Market communications/notices, announcements and all other decisions are made by BGH on the basis of the general principles and provisions of these Market Rules. Market notices related to the activity of the TSO are presented to the TSO for confirmation before they enter into force.

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

### **1.3.1.3. Products**

In addition to the segment for implementation of the Gas Release Programme in accordance with the 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), as follows:

- Short-term (Spot segment) - Standardized short-term products, according to NC BAL, traded on VTP (title transfer) or through a designated physical entry point (locational, for transmission system operators only). The offered standardized time periods are day-ahead and intraday, and at BGH discretion, depending on the market interest, other products, including next hour and individual days may be offered as well, after confirmation from 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;
- Long-term segment - Standardized products, traded on-screen on an anonymous basis for the periods – 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.





- Non-anonymous bilateral contracts for a standard period, traded on the BGH market via their registration in the Trades section of Trayport. for the purpose of this service, both parties to a bilateral contract must be TP Members with the right to trade on the VTP and to provide the following information to BGH:
  - Parties to the contract;
  - Product – in accordance with Annex 4;
  - Price – in the case when the price is calculated via formula or based on indexation, the provided price must be the most possibly precise at the time of submission of the information, after which both sides must inform BGH in written form of the final price of the contract;
  - Point of title transfer and the relevant evidence, licenses and permits for the respective point given that it is different from VTP.
- BGH Brokering services - through which products and services for end customers are offered - natural gas consumers and end suppliers directly connected to the gas transmission system, who do not have access to the gas transmission networks and to the VTP, but would like to purchase natural gas at exit points from registered BGH members for their own needs. In this case, the end customer/end supplier has the status of a non-trading user and is not chargeable according to the applicable price list. The non- trading user gains the right to use BGH brokering services by signing a Brokering Services Agreement, and shall be granted with special rights to access a specialized section of BGH website. The following information must be provided to BGH by the BGH Member entitled to trade with end customers/suppliers in order to register the deal:
  - Parties to the contract;
  - Product – in accordance with Annex 4;
  - Price – in the case when the price is calculated via formula or based on indexation, the provided price must be the most possibly precise at the time of submission of the information, after which both sides must inform BGH in written form of the final price of the contract;
  - Physical point of the title transfer.

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

All bilateral contracts for natural gas purchase and sale, concluded after entering into force of the Energy Act, promulgated in SG No. 79, effective from 8 October 2019, with an initial period for delivery after 1 January 2020 and with period less than or equal to one year should be registered on the trading platform via the functionality for registration of non-anonymous bilateral contracts or via the brokering service of BGH for the purpose of their administration by BGH.



BGH is responsible for the administration of the provided contracts, including the automatic submission of trade notifications to the TSO, reporting under REMIT (in case the BGH Member requests to use the reporting service and provision of the Reporting Agreement).

BGH reserves the right to offer the above products and/or others at the customer's request or upon its own initiative, after confirmation from 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).

#### **1.3.1.4. Applicable natural gas purchase and sale contracts**

In case two counterparties conclude a transaction (deal) for the purchase and sale of natural gas on the short-term or the long-term segment, the transaction is legally binding for both sides on the basis of the agreed period, price and quantity of natural gas.

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 deal.

Standardized contracts are published in Bulgarian and English on the BGH website in the "Products and Services" section as follows:

- For the short-term segment in section "Short-term segment";
- For the long-term segment in section "Long-term segment".

#### **1.3.1.5. Code of Conduct**

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

#### **1.3.1.6. Changes to the BGH Market Rules**

After the approval of the Market Rules by the EWRC, BGH may supplement, amend and edit the present Market Rules after an official approval from the Board of Directors of BGH. Each amendment to the Market Rules and/or to one or more annexes is subject to and enters into force after the approval of the EWRC.

The BGH Market Rules are binding for BGH, all BGH Members and their Traders permitted to trade on BGH. BGH Market Rules and their actualizations are subject to approval by the Energy and Water Regulatory Commission (EWRC) in accordance with Article 21, item 42 of the Energy Act.

#### **1.3.1.7. Date of Effectiveness of Changes to the BGH Natural Gas Trading Platform Rules**

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

#### **1.3.1.8. Official Market Notices**

BGH notifies BGH Members of changes to the Market Rules and any annexes hereto via email and via Market notices, published on BGH's website, including:



temporary suspension of a BGH Member and withdrawal of such suspension;



Balkan Gas Hub



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



special conditions for product specifications;



special conditions of risk management and credit limit handling, including Credit matrixes;



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



contact details of operating personnel for support and hours of support;



information about rules on mistrade and applied administrative fees;



any other activity, which may affect the operation of the market, including emergency situations.

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

### **1.3.2. Status of BGH Market Rules**

#### **1.3.2.1. Contractual relations**

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

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

#### **1.3.2.2. Members' Rights and Obligations**

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

## **2. Admission of BGH Members and Access to Services**

### **2.1. BGH Membership conditions**

#### **2.1.1. BGH Member**

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

The TSO is a member of BGH Market under a signed Membership Agreement between BGH



and the TSO in its capacity as a network operator.

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

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

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

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



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



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



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



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

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

### **2.1.2. Trading on BGH**

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

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

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

### **2.1.3. Types of BGH Members**



BGH Members may include the following:



Natural Gas Traders;



The Natural gas public supplier;



The supplier of last resort (if applicable);



Natural Gas Producers;



Gas transmission system operator ("TSO");



Gas distribution system operator ("DSO");



Natural gas storage facilities' operators;



LNG facilities' operators;



Combined operators;



Customers and end suppliers of natural gas;



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

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

The TSO has the right to request bank guarantees and/or deposits where it shall determine the amount in order to guarantee the deals which it is a counterparty to. The members who do not present this deposit cannot trade with the TSO.

Bank guarantees and/or deposits are established in favour of Bulgartransgaz EAD for an amount that guarantees in full to cover the deals between BGH Members and the TSO. At all times bank guarantees and/or deposits must be maintained in their full amount which covers the deals with the TSO. In cases when guarantees are not provided or do not fully cover the deals, the respective BGH Member will not be admitted to trade with the TSO.

The TSO shall determine its own version of a long-term contract for natural gas purchase and sale (monthly, quarterly, yearly) which shall reflect its specific role in the market.

#### **2.1.4. Commitment to Market Making**

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



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



the specification of product types;



the bidding and/or asking obligations, as well as the determination of minimum quantity;



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



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



the minimum time period when the commitment shall be fulfilled.

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

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

### **2.1.5. Commitment to Liquidity Providing**

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

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

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

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

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



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

### **2.2.1. General Admission Requirements for BGH Members**

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



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



The Applicant has passed a successful access procedure in line with article 10(a) of the Bulgarian Rules for Access and has fulfilled the requirement for registration under Art. 9 of REMIT (establishment of an ACER code);



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



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

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

### **2.2.2. Admission to BGH**

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

Once all membership requirements have been met, BGH shall sign the Membership Agreement and notifies the newly admitted BGH member in writing of its acceptance. After receipt of the admission confirmation, the BGH Member will be entitled to trade on the BGH Market. The names of all newly admitted Members will be published on the BGH website in the “Membership” section and existing members shall be informed via email about the newly admitted member in order to implement the company in their credit matrixes for management of the credit risk.

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

### **2.2.3. Required documents for admission to BGH membership**

Membership applications include the following:



duly signed Membership Agreement in 2 originals;



completed Registration form and a declaration for the choice of a fee plan;

and the following supporting documents:

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





- a copy of a concluded Contract for VTP use;
  - a copy of concluded Contract for access and transport (if applicable);
- (b) a certificate proving the current legal status of the Applicant or an equivalent document in line with the national legislation of the country of its registration (issued no earlier than 30 calendar days before the date of submission of the documents for admission to BGH Membership);
- (c) certificate on the lack of liquidation and insolvency proceedings of the Applicant or equivalent document in line with the national legislation of the country of its registration (issued no earlier than 30 calendar days before the date of submission of the documents for admission to BGH Membership);
- (d) a notarised power of attorney if the documents for admission to membership will be signed by an authorized representative.

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

#### **2.2.4. Authorized Representatives**

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

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

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

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

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

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

#### **2.3.1. Requirements for Technical Access**

The technical requirements for connection to BGH trading systems are met, if the BGH member is equipped with IT-facilities, which comply with the minimum Trayport Joule requirements described in the short installation/user guide, which is published on BGH website.

#### **2.3.2. Trading Screen and Access to the Specialized Section for Traders on the Corporative Webpage**

After signing the Membership Agreement, BGH will assign to each Trading User (admitted by the respective BGH Member) one Trading Screen on Trayport Joule, a user name and a





password for entering in BGH trading system. A BGH member shall be entitled to more than one trading screen upon payment of the respective additional fee.

BGH also provides access to the specialized section for members and non-trading users on the corporate webpage of Balkan Gas Hub and also has the right to introduce additional functionalities to this page with the aim of enlarging the scope of the offered services to its members, including activities in relation to administration and management of concluded long-term anonymous and non-anonymous deals.

## **2.4. Admission of Traders**

### **2.4.1. Admission of Traders to Trade**

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

### **2.4.2. Traders’ Identification**

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

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

### **2.4.3. Skills and Qualification of Traders**

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

## **2.5. Rules of Procedure**

### **2.5.1. Duration of Membership**

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

### **2.5.2. Communication of Information**

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

1. Changes to its legal situation, such as:



changes in the circumstances regarding Membership requirements;



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



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

2. Changes to the Members' technical or organizational status, insofar as such changes have an impact on the access to the BGH market.
3. Changes to the legal or regulatory framework or to judicial practice that affect the Member's capacity and its compliance with the Membership requirements and these Market Rules.

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

### **2.5.3. Termination of BGH Membership**

A BGH Member shall be entitled to terminate its BGH Membership via a one-month written notice to BGH. The termination will be effective upon BGH formally informing that Member of termination of the Membership Agreement.

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

- (a) one of the admission requirements ceases to be satisfied by a Member at a particular date following admission;
- (b) the Member fails to make the relevant supplies, payments and/ or to settle other fees due and payable to other members, to BGH or to the relevant TSO, as stipulated in the BGH Market Rules or Contracts/Agreements;
- (c) any other repeated breaches of these Market Rules.

The termination of a BGH Membership shall result in termination of admission of the Traders admitted to trading on the TP acting on behalf of the relevant BGH Member.

The membership shall be terminated also in case Balkan Gas Hub is informed by the TSO of the termination of a member's Contract for access and transport and/or Balancing Contract and/or Contract for the use of the VTP, including if a member loses its right to submit trade notifications.

The volume of the tradable transactions and the right for submitting trade notifications to the TSO are determined by the relevant TSO and in case of the execution of a deal which is outside of the admissible parameters, the deal shall be subject to cancellation and may be treated as market manipulation.

BGH shall publish the termination of the relevant BGH Membership in the form of a Market notice on BGH website and shall promptly update the list of active BGH Members, published



on the website.

#### **2.5.4. Consequences of Termination of BGH Membership**

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

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

#### **2.5.5. Temporary Suspension of trading rights**

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

- (d) if the BGH Member fails to fulfil its obligations towards other BGH Members for the deliveries of natural gas and/or payments in good time;
- (e) at the request of the NRA, where legal breaches are found;
- (f) upon being informed by the TSO of termination of the Contract for access and transport and/or Balancing Contract and/or Contract for the use of the VTP, until BGH is further informed of the restored validity of the respective contract(s);
- (g) upon being informed by the TSO that a member has lost their right to submit trade notifications for deals, including when there is insufficient guarantee to cover their balancing contract, until the right for submission of trade notifications is restored.

#### **2.5.6. Consequences of Temporary Suspension from Trading**

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

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

#### **2.5.7. Incapability of Trading Members**

A BGH Member may be excluded from trading and its membership suspended, if material



evidence is presented to BGH that the Member is not capable of fulfilling delivery regarding either the physical delivery of natural gas, or the financial payment towards any of its counterparties, including the cases in item 2.5.3.

In this event, all orders of the BGH Member are automatically cancelled on the TP. BGH shall not be held responsible or liable towards any of the BGH Members for the consequences of closed or cancelled orders in the foregoing circumstances. When a BGH Member's right to trade has been terminated, BGH shall inform the other BGH Members thereof by publishing a Market notice.

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

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

### **2.6.1. Payment of fees**

#### **2.6.1.1. Registration fees**

The one-off registration fee , as well as the first monthly fee and the fees for additional screens (if the chosen plan is Classic) are payable until the 10th day of the relevant calendar month, excluding Membership Agreements concluded after the tenth day of the calendar month and in this case a registration fee, a full monthly fee, and a fee for additional screens (if the Classic fee plan is chosen) are due and shall be paid within 3 business days of the date of concluding the Membership Agreement. The services shall be activated upon receiving evidence that the payment has been made.

#### **2.6.1.2. Further monthly fees and fees for additional screens**

Monthly fees and fees for additional screens (if the Classic fee plan is chosen) are payable until the tenth day of the calendar month, excluding Membership Agreements concluded after the tenth day of the calendar month and in this case a full monthly fee is payable within 3 business days of the date of concluding the Membership Agreement. In cases when the Membership is terminated within the month for trading, the Member shall be charged for the whole month. Market Notice regarding prices and discounts may specify different payment conditions than the above stated.

#### **2.6.1.3. Transaction fees**

Transaction fees are determined and invoiced for a calendar month, where BGH issues the respective invoices within 5 business days of the end of the calendar month for trading, and they are payable until the tenth day of the following month.

#### **2.6.1.4. Terms of Payment**

Invoices shall be sent via e-mail. Invoices shall also be sent in hard copy by post upon a request of a BGH Member and the respective Member shall bear the transport and courier costs. Fees shall be collected by BGH. All amounts are in Bulgarian lev /BGN/ and are payable to either of BGH's bank accounts – in BGN and EUR, published on BGH's website . Fees may 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 via the respective publication 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.

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

### **3. Products and segments**

#### **3.1. Tradable Products**

The Products/Trading contracts are in accordance with Trayport Joule trading system options, as well as other determined by BGH software solutions. Standardized products are 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).

##### **3.1.1. Admission of Products**

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

Only products published in "Products and Services" section on the website [www.balkangashub.bg](http://www.balkangashub.bg) shall be traded.

##### **3.1.2. Product Specifications**

BGH defines the specifications of each traded product presented in Annex 3 (Short-term segment) and Annex 4 (Long-term segment) of these Trading Platform Operating Rules.

##### **3.1.3. Revocation and Temporary Suspension of Products' Trading**

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

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

##### **3.1.4. Activation of a Product**

BGH Market Rules may contain Products without making them available for trading until all necessary (technical, regulatory or any other relevant) conditions are secured. All BGH members will be informed by a Market notice for any change in the offered products (newly added product, withdrawal/suspension of a product, etc.)

### **3.2. Market Zone**

#### **3.2.1. BGH Market Area**

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



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

### **3.3. Market Segments**

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

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

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

Tradeable products and product specifications for this market segment are described in Annex

3 (Short-term products) and in the "Products and Services" section on the website [www.balkangashub.bg](http://www.balkangashub.bg).

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

Tradeable products on anonymous and non-anonymous basis for this market segment are described in Annex 4 (Long-term products) and in the "Products and Services" section on the website [www.balkangashub.bg](http://www.balkangashub.bg).

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

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

#### **3.3.4. Brokering Services Segment**

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

### **3.4. Order Management in Case of Technical Problems**

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

In case of Technical Problems in the trading system of any BGH Member, the affected Member shall promptly inform BGH via email and/or telephone.

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

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

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





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

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

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

Marginal buy and sell prices are calculated and published by BGD and/or BTG. The quantities actually transferred at the VTP under concluded short term deals cannot be amended.

In case the counterparties in the long-term transactions wish to change the daily quantity for transfer at the VTP under already concluded transactions on the long-term segment, in the case of irregularities within their contracts for purchase and sale, they submit information about the changed quantity, using a specialized tool through the website of the BGD. The correction shall be multiple of the minimum tradeable daily volume under each product (1 MWh/d) or with a zero value for the respective gas day.

Amendment of the quantities is allowed until 24:00 h of the day, as well as for any other following day of the long-term contract. The amendment is initiated by one of the two counterparties and is either confirmed or declined by the other. For a given gas day more than one amendment may be initiated. Each initiated amendment and received confirmation or declination is notified to the provided by both counterparties email addresses with a copy to [admin@balkangashub.bg](mailto:admin@balkangashub.bg).

The minimum quantity which may be requested for amendment is 0 MWh/d. The maximum quantity which may be requested shall not exceed the daily average quantity multiplied by three.

The sum of all amended quantities for long-term contracts must not exceed the total size of the contract. Irrespective of all submitted deals, the transaction fees are payable in full, in accordance with the size of the contract under Annex 4.

### **3.6. Price Formation**

#### **3.6.1. Reference prices**

The reference price will be published for all products, where the reference price for products with a term for execution longer than one month is equal to VWAP, and the reference price for the spot segment is calculated only if the following conditions are met:

- VWAP – if the requirement for minimum of 3 deals and 300 MWh is fulfilled

The trading 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 BGD percent set in the range of 5 to 15% in view of preventing possible market manipulations and



errors.

The minimum, maximum and last traded prices are visualized on a continuous basis on the BGH platform.

### **3.6.2. Reference buy and sell prices applicable for the purpose of the imbalance charge by the TSO**

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

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

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

There are always two marginal prices calculated:

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

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

The marginal prices are calculated under the terms and conditions of the Methodology for determining an imbalance charge and a neutrality charge, and are published by the TSO, who has chosen BGH as a trading platform in compliance with Regulation (EU) 312/2014.

### **3.7. Cancellation of trades**

BGH may cancel a short-term or long-term trade if it finds any discrepancies with the provisions of these Rules or in cases of market manipulation or another breach, as well as upon receiving information from the TSO that the deal cannot be executed at one of the member's fault and/or the member has lost its right to submit trade notifications to the TSO. BGH may also cancel a trade in cases of obvious mistakes (incorrect input of the order).

A counterparty to a long-term deal may request cancellation of a deal up to 60 minutes after the deal has been executed in case of an obvious mistake (incorrect input). If BGH determines that the deal meets the conditions for cancellation as a result of an error, the deal will be cancelled without the consent of the other counterparty, where they will be duly informed. In this case, counterparties are not entitled to pay a cancellation fee.

If both counterparties agree that a long-term deal should be cancelled, they may request the cancellation up to 10 minutes after the deal has been executed via telephone and confirmation via email to [admin@balkangashub.bg](mailto:admin@balkangashub.bg) by both counterparties. In this case a cancellation fee is not applied. In case one of the counterparties does not agree with the cancellation within the 10-minute time frame, the deal is not cancelled and shall be charged in line with the applicable transaction fee.

The counterparties may request from BGH to cancel the deal after the cancellation window





of 10 minutes, where in this case both counterparties must pay the cancellation fee. In case one of the counterparties does not agree with the cancellation, the deal is cancelled and is subject to charging as per the applicable transaction fee.

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



the entered price refers to another product traded on BGH;



the price digits are shifted compared to the market price;



the digits of the price are swapped compared to the market price for the relevant product;

A request for cancellation may be submitted only on working days for BGH and within the time window from 10:00 am up to 6:00 pm.

### **3.8. Physical Execution of Concluded Transactions**

The quantities under the submitted trade notifications are distributed in the daily balancing portfolios of the clients for the period of the product in the IT system of BTG.

### **3.9. Financial Services and Credit Risk Management Mechanisms**

#### **3.9.1. Credit Risk Management**

BGH offers to BGH Members a risk management mechanism by the selection of products with which trade with CP can be carried out as well as a period of time when trade with the respective products can be carried out. For this purpose, a list of all members is published in the “Members” section of BGH’s website and is updated daily. The credit matrix may be updated and sent to BGH only during working days from 10 – 4 pm to [admin@balkangashub.bg](mailto:admin@balkangashub.bg) and it shall enter into force from the next working day.

No BGH Member shall have the right to indicate fewer than two potential CPs with whom they have the right to trade at least one product for a given period, otherwise their trading rights shall be withdrawn for this period. In case a BGH Member shall fail to send the filled in credit matrix to BGH, it shall be thought that the BGH Member is not limited to trade with the remaining platforms members by the time they send such matrix.

Within the credit matrix, against every participant, the Member may determine for each product, tradeable on the BGH market:

Yes – I trade with this participant with no limitation for a given period (for each product). Must be separately filled for buy and sell;

No – I do not trade with this participant for a given period (for each product). Must be separately filled for buy and sell.

The credit matrix and the conditions related to filling it are mandatory for all BGH members. If a member does not follow the requirements and does not submit a credit matrix, BGH shall not be held accountable for missed, non-concluded or concluded with a non-desired counterparty deals.

In the event that BGH is notified of a delayed payment, which is significant in terms of



time and size, of a Member to its counterparties, the membership of this Member may be terminated without any defaults or liability due to them by BGH and they are listed on the BGH website as an incorrect payer.

#### **4. General Terms of Services**

##### **4.1. Market Activity**

###### **4.1.1. Services providers and subcontractors**

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

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

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

##### **4.2. Use of Technical Systems**

###### **4.2.1. BGH Member equipment**

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

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

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

###### **4.2.2. BGH Member's use of the systems**

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

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

###### **4.2.3. Security measures**

BGH and the BGH Member agree to respect the physical and logical security measures



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

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

BGH EAD and BGH Members shall put in place procedures for instructions for data and file reservation.

In the event of a malfunction in the trading system that could impact a BGH Member, BGH shall inform the respective BGH Member of the nature and probable duration of such malfunction.

#### **4.2.4. Internet Use and System Maintenance**

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

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

BGH and 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.

BGH and BGH Members are responsible for taking the appropriate measures to protect their own data, software and hardware from unauthorized third-party access and contamination by computer viruses or other damages caused by unauthorized breaches of their systems. If a party observes that the systems have been penetrated by an unauthorized third party, it shall alert the other party in an effort to seek the cause of such penetration and to take appropriate solutions.

#### **4.2.5. Intellectual Property and License**

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

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

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

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



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

### **4.3. Use of Market Data**

#### **4.3.1. Access to Market Data**

Eligible BGH Members shall have access to trading data in line with the description of the Trayport Joule User Guide and via the specialized section of the website, as well as to aggregated market data published on the BGH website.

#### **4.3.2. Ownership**

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

#### **4.3.3. Dissemination of Market Data**

The BGH Member shall use Market Data solely for the purpose of trading on BGH and for its own requirements.

If a non BGH Member third party intends to incorporate BGH's Market Data in any manner into products or services traded on an energy exchange or equivalent facility, it shall conclude a special contract with BGH on the use of the Market Data.

#### **4.3.4. Information Providing and Commercial references**

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

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

#### **4.3.5. Data Protection**

BGH shall imply its best efforts to protect strictly any and all personal and confidential data and to observe the applicable regulations and the EU Data Protection Regulation (EU 2016/679). BGH shall process and store personal data within the scope and solely in



connection with the fulfilment of its contractual obligations in relation to the BGH Market. Legal basis for processing the data are these Market Rules and any signed Agreements thereto. BGH shall be authorized to store, process, and transfer any information and data of customers or third parties only for the proper performance of the BGH Market.

#### **4.4. Liability and Jurisdiction**

##### **4.4.1. Principle**

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



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



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

##### **4.4.2. Limitation of Liability**

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



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



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



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



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

##### **4.4.3. Liability of BGH Member**

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



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



discredit to the image or reputation of BGH or the platform or any other BGH member,



either directly or indirectly;



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

#### **4.4.4. Liability of BGH**

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

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



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



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



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



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

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

#### **4.4.5. Jurisdiction and Dispute Resolution**

Any disputes arising out of or in connection with the validity, interpretation, performance, non-performance or termination of the Rules and the agreements signed, shall be settled with negotiations between the two parties. In the event that no agreement is being reached within 30 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.



## **4.5. Miscellaneous**

### **4.5.1. Representations and warranties**

The BGH Member acknowledges that it has taken note of:



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



the contractual documents;



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

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

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

### **4.5.2. Confidentiality**

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

Each party is entitled to communicate:



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



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

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

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

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





and/or VTP. The settlement of trade relations in such cases shall be carried out according to the procedures described in the Energy Act and the regulatory framework, as well as the provisions of Regulation (EU) 2017/1938.

## **5. Code of Conduct**

### **5.1. Preamble**

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

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

### **5.2. Scope of Application**

#### **5.2.1. Scope of Application**

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

#### **5.2.2. Legal Classification**

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

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

### **5.3. Definitions**

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

**Insider Information** means information of a precise nature which has not been made public, which 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.

**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.
2. disseminating information through the media, including the internet, or by any other means, including but not limited to sharing such information at meetings of associations or informal gatherings, which gives, or is likely to give, false or misleading signals as to the offer of, demand for, or price of 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.

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 of opinion of other media except if:

- a) the relevant persons directly or indirectly benefit from dissemination of information
- b) the exposal or dissemination is done with the purpose of misleading the market in terms of delivery, demand, or the price of wholesale energy products.

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

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



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



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

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

#### **5.4.1. Prohibition of Market Manipulation**

##### **5.4.1.1. Principles**

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

This prohibition includes, without limitation:



Any kind of false or misleading behaviour;



Any kind of collusions or the collusive cooperation of BGH Members among each other



or with third parties;



Any kind of Price Positioning Behaviour.

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

#### **5.4.1.2. Prohibition of false and misleading behaviour**

BGH Members are especially forbidden to:



Enter orders without a due economic justification;



Place orders with no intention to execute;



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



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



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

#### **5.4.1.3. Prohibition of collusion or collusive cooperation**

BGH Members are especially forbidden to:



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.



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

#### **5.4.1.4. Prohibition of Price Positioning Behaviour**

BGH Members are especially forbidden to:



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



Artificially create a price level not justified by market forces of supply and demand, including by the actual production, availability of transportation capacity and demand.



## **5.4.2. Transparency Requirements**

### **5.4.2.1. Prohibition of Insider Trading**

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



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



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



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

### **5.4.2.2. Transparency Commitment**

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

### **5.4.2.3. Qualification of Traders**

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

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

### **5.5.1. General Rules of Conduct**

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

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

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

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

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

In compliance with the commitments taken towards BGH when authorised to intervene for



the account of a Third-Party Client, BGH Members must have adequate procedures and controls in place in order to ensure the respect of the Market Rules by its Third-Party Client.

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

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

## **5.5.2. Processing Third Party Client Orders**

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



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



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



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



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

## **5.6. Instructions, Information and Penalties**

### **5.6.1. Instructions**

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

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

### **5.6.2. Information Rights**

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

The relevant Market Surveillance Unit can request information from everyone including the request of submission of documents and the surrender of copies, summon and



interview persons in case there are indications substantiating the assumption that provisions or instructions under laws applicable to trading on BGH Market are violated or that there are other grievances which might affect the proper execution of trading on BGH Market or the settlement of transactions traded on BGH.

### **5.6.3. Penalties**

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

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

## **5.7. Market Surveillance**

### **5.7.1. Market Surveillance Unit**

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

### **5.7.2. Independency of Members of the Market Surveillance Unit**

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

### **Responsibilities Related to the Market Surveillance**

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

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

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

If the Market Surveillance establishes facts justifying the conclusion that violations of BGH Rules and Regulations or applicable Bulgarian or European Union law provisions, or BGH orders are occurring, or that other irregularities exist which may impair the orderly conduct of trading on BGH or the settlement of traded transactions, it shall promptly notify the Bulgarian Regulatory authority – directly or via ACER Notification Platform, as well as the Executive Director of BGH, in case it is necessary to terminate the membership.

### **Powers of the Market Surveillance Unit**

For performance of its duties, the Market Surveillance Unit can conduct special



investigations, and if necessary, require from BGH members and their traders:



disclosure of information and documents; to carry out inspections;



disclosure of the economic beneficiary of the transactions.

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

### **Reporting to the BGH Management**

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

### **Sharing Information with the Market Surveillance Unit**

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

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

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

Such data may only be transmitted to the unit if its representatives and the persons commissioned by them are bound by an obligation of confidentiality. The Regulatory authority representatives may also use the information only for that purpose for which it was provided.

## **6. REMIT Organized Market Reporting**

In order to ensure the compliance with the provisions of Art. 6 (1) of Regulation (EU) No. 1348/2014, upon the request of a BGH member/participant on the trading platform BGH shall offer the following services in relation to fulfilling its duties provisioned by Regulation No. 1227/2011.

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 deals of each client (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 client 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 REMITTable 1 or REMITTable2; or
- 3) Declaration for refusal of using data access and reporting services and reporting data on their own.

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

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

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

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

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

“**BGH Market**” or “Organized natural gas exchange market of BGH” shall mean all organized market segments, operated and administered by the operator of the natural gas exchange market, including the short-term standardized products segment in accordance with Regulation (EU) No. 312/2014, where on these segments trades are done with natural gas and gas derivatives.

“**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.

“**Trading system of BGH**” are all 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 of the organized natural gas exchange market.

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

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

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

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

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





**“Term of the natural gas delivery contract”** is that for which there is an agreed total quantity, as well as agreed daily average quantities for daily delivery, without terminating the delivery during the period of the contract (with the possibility to amend the daily average quantity according to the flexibility provisioned in the contract), for which deliveries the price or the mechanism for its calculation is clearly stated in a way that gives both parties the opportunity to determine it at any point of the execution of the contract without the necessity of further negotiations or clarifications between them.

**“Trades with intangible products”** are trades for title transfer between two balancing portfolios at the Virtual Trading Point.

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

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

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

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

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

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

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

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

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

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



providing liquidity of the natural gas exchange market.

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

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

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

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

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

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

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

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

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

**“TP”** or **“Trading Platform”** in line with Regulation (EU) No. 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.

“**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.

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

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

“**VWAP**” – Volume weighted average price for the relevant product.

“**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.

“**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.



## BALKAN GAS HUB TRADING PLATFORM MEMBERSHIP AGREEMENT

Today ....., by and between:

**Balkan Gas Hub EAD**, having its registered seat at 66, Pancho Vladigerov Blvd., Lyulin, 1336 Sofia, Bulgaria and registered in the Commercial Register of the Republic of Bulgaria with UIC 205478458, VAT No. BG205478458, duly represented by Kiril Ravnachki – Executive Director, hereinafter “**BGH**”

and

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

hereinafter called “**the Applicant**”),

hereinafter jointly referred to as “**the Parties**”,

### WHEREAS:

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

The Parties hereby agree as follows:

### 1. SUBJECT OF THE AGREEMENT

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



segments in accordance with the terms of this Membership Agreement and the Market Rules.

- 1.2. The Parties conclude this Membership Agreement and undertake to fulfil in good faith and strictly their obligations - as BGH Member and BGH as a natural gas trading platform operator.
- 1.3. By signing the present Agreement, the Applicant is admitted to and is registered on the BGH trading platform.
- 1.4. For any unsettled issues in the present Agreement and in the Balkan Gas Hub EAD Trading Platform Rules the European and national legislation in force shall be applicable.

## **2. DECLARATIONS**

- 2.1. Balkan Gas Hub EAD declares it has entered into an agreement with Trayport Limited (Trayport) for implementation of the Trayport Exchange Trading System (ETS) for the trading needs of Balkan Gas Hub EAD.
- 2.2. The trading platform operator declares that this activity is being performed in line with the Energy Act and Commission Regulation (EU) № 312/2014 establishing a Network Code on Gas Balancing of Transmission Network.
- 2.3. The Applicant guarantees the accuracy and authenticity of the documents and information provided to BGH when requesting access for membership on the natural gas trading platform.
- 2.4. By signing this Agreement, the Applicant hereby expressly declares that:
  - a) the registration form is correctly and duly completed and signed by (an) authorized representative(s);
  - b) the documents submitted are up-to-date and issued by a competent authority in accordance with the laws of the jurisdiction in which the respective Applicant is established;
  - c) is duly incorporated and exists in accordance with the applicable laws in the jurisdiction of incorporation;
  - d) is not subject to an administrative, arbitration or judicial procedure that could result in a material impairment of its business activities or financial condition, loss of assets and/or would adversely affect the validity or proper implementation of the Membership Agreement, Market Rules and applicable legislation in force;
  - e) undertakes to take into account and comply with all notices from BGH regarding the functioning of the natural gas trading platform, as well as with published or received communications in the event of emergencies or problems of a technical or other nature;
  - f) has the necessary professionally trained human resources necessary for implementation of the commercial activity in line with BGH Market Rules;
  - g) meets any technical requirements specified by the BGH;
  - h) undertakes to immediately inform BGH of any changes related to the guarantees and declarations presented above.



### **3. RIGHTS AND OBLIGATIONS OF THE PARTIES**

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

### **4. FEES**

- 4.1. The membership fees and the transaction fees, as well as any other applicable fees shall be defined in line with a price list, approved by the Board of Directors of BGH and published on the internet site of BGH.
- 4.2. The fees as per art. 4.1. shall be payable according to the terms and conditions defined in the Market Rules, to the bank account indicated by Balkan Gas Hub EAD on the basis of a duly issued invoice.

*Bank information for Balkan Gas Hub EAD:*

*Bulgarian-American Credit Bank SWIFT (BIC): BGUSBGSF*

*IBAN: BG63BGUS91601006916800 /in BGN/*

*Sofia 1000, 2 Slavyanska Str.*

*Bulgarian-American Credit Bank AD*

*SWIFT (BIC): BGUSBGSF*

*IBAN: BG45BGUS91601406916800 /in EUR/*

*Sofia 1000, 2 Slavyanska Street*

- 4.3. The Applicant undertakes to check periodically for any eventual changes of the amount of the fees and to pay them in due time.
- 4.4. If the Applicant fails to pay the fees due within the defined term, BGH shall charge late- payment interest amounting to the Base Interest Rate plus 10%.
- 4.5. In the event that the Applicant fails to pay the amount due under this Agreement within 10 days as of the payment date, the Operator shall have the right to terminate its participation on the natural gas trading platform.

### **5. LIABILITY**

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

### **6. CONFIDENTIALITY**

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

### **7. TERMINATION**

This Agreement shall be terminated:

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



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

## **8. MISCELLANEOUS**

- 8.1. Issues not settled by this Agreement and in the Market Rules will be subject to the rules of the Bulgarian legislation in force, and in the event an agreement has not been reached through negotiation, the non-defaulted party may refer the dispute to the BCCI Arbitration Court in Sofia.
- 8.2. By signing this Membership Agreement, the Applicant acknowledges that it fully
- 8.3. understands and accepts all terms and conditions under this Agreement and the Market Rules.
- 8.4. 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]

FOR BALKAN GAS HUB EAD

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

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



## REGISTRATION FORM

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

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

<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



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

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

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

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

By signing this registration form, we consent that Balkan Gas Hub EAD shall report data about the concluded contracts on our behalf to ACER in accordance with Regulation (EU)

№1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency.

YES

NO

The BGH Registration Form was

completed: on: \_\_\_\_\_

by: \_\_\_\_\_

*(Name and signature)*

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

##### **Within-Day (WD)**

This product is a short-term intra-day product – the lead time is 3 hours from the next full hour of the end of the hourly interval (1 astronomical hour) for conclusion of the deal. Deals concluded between 3 and 6 am of the gas day d are considered for execution for gas day d+1 based on the lead time. This product can also be called as a rest of day product. The parameters of the Within-Day (WD) product are shown as follows:

- ✓ Lead time: 3 hours from the next full hour after the trade has been concluded
- ✓ Delivery time: remaining hours according to lead time until end of current gas day
- ✓ Load Type: Base Load
- ✓ Price Unit: BGN/MWh



- ✓ Trade Mode: Continuous Trading
- ✓ Minimum trade size: 1 MWh/d
- ✓ Trading hours: 24/7, as follows:

Time interval of execution of the deal, day	Beginning of physical delivery, WD for day d – 3 hrs 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-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: the agreed size equally distributed over the remaining hours until the end of the gas day according to lead time

### **Day-Ahead (DA)/Weekend/ Holiday**

The Day Ahead (DA) product is a short-term product with a delivery 24 hours at the end of the next gas day. The products Weekend and Holiday have a different delivery period (with WE and a few consecutive holidays have an enlengthened period for delivery). The parameters remain the same, e.g.:

- ✓ Delivery time:
  - DA: Next gas day from 07:00 a.m. EET/EEST (d+x) to 07:00 a.m. EET/EEST ((d+x)+1)
  - WE: from 07:00 a.m. EET/EEST (Saturday gas day d) to 07:00 a.m. (Monday gas day d+2) EET/EEST (48 hrs). Holidays next to a weekend (Mondays & Fridays), Easter holidays and Christmas holidays, etc. are included in XWE product (long weekend) but no longer than 5 consecutive days, in which cases the product may be for 72hrs, 96 hrs or 120 hrs.
- ✓ Load Type: Base Load
- ✓ Price Unit: BGN/MWh
- ✓ Trade Mode: Continuous Trading
- ✓ Minimum trade size: 1 MWh/d
- ✓ Trading hours: DA – 24/7; WE/Holiday – from 09:00 am - 03:00 am on the penultimate working gas day (Thursday) before the beginning of the Saturday gas day (WE) or from 09:00 am – 03:00 am two days before the Holiday (Holiday). Holidays next to a weekend are included in the WE product, called long weekend (XWE) 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 h – contract size is equal to trade size
  - WE: 48 h – the contract size is the size of the trade by 2
  - XWE: 72 ,96 h or 120 h when Holiday Products are included in Weekend) – contract size is equal to trade size, multiplied by the number of days (by 3 in case of 72 h and by 4 in case of 96 h or by 5 in case of 120 h.
  - Holiday (except Monday and Friday) – the size of the contract is equal to the size of the deal by the number of consecutive holidays, 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 a.m. D) EET/EEST and changes to delivery at the next working day. The visible name of the product will always show “DA” and not the specific delivery date.

The Weekend, XWE and Holiday products and published on the website of the platform in the “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 trade
- ✓ Delivery time: according to the lead time from XX:XX a.m. (d) to XX:XX a.m. (d+X) within the current gas day
- ✓ Load Type: Base Load
- ✓ Price Unit: BGN/MWh
- ✓ Trade Mode: Continuous Trading
- ✓ Minimum trade size: 1 MWh/h
- ✓ Trading hours: 24/7
- ✓ Price tick: 0.01 BGN/MWh
- ✓ Delivery Points
  - VTP National Gas Transmission Network
  - VTP Gas Transmission Network for Transit Transmission
  - Each Locational Point
- ✓ Contract Size: individual set of delivery hours

### **Available Delivery Areas**

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

#### **a) Virtual trading Points VTPs (Balancing Zones)**

Each admitted trading user is allowed to initiate bid/ask orders and execute already visible orders at both VTPs, where after the two balancing zones are merged by the TSO, the offered products will be respectively amended.



VTP National Gas Transmission Network

- 58Z--VTPN-NAT--1



VTP Gas Transmission Network for Transit Transmission

- 58Z--VTPT-TRA--J



## b) Locational products (LPs)

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

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



GMS Chiren

o 21Y000000000026E



GMS Galata

o 21Y000000000026E



GMS Dolni Dabnik

o 21Y000000000026E



Negru voda 1/ Kardam

o 21Z000000000159I



Negru voda 2,3/ Kardam

o 21Z000000000160X



Kulata/Sidirokastro

o 21Z000000000020



Ruse/Giurgui

o 21Z0000000002798



Strandzha 2/Malkochlar

o 58Z-00000015-S2M



Strandzha/Malkochlar

o 21Z000000000157M



## Annex 4: Long-Term Segment

<b>BGH Long-term Segment</b>	
<b>Segment</b>	BGH Long-term Anonymous Segment
<b>Products Name</b>	Weekly (up to 52 weeks ahead), Monthly (up to 60 m. 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 is from 07:00 every Monday to 07:00 the next Monday.
<b>Delivery Point</b>	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) from Bulgartransgaz EAD gas transmission system. For brokering service: exit point according to the relevant balancing zone. Other physical points may also be used, for example local production.
<b>Product</b>	Natural gas at GCV 25°/20°
<b>Contract Unit</b>	MWh/d for the period
<b>Minimum trade 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>	09:00 a.m. – 05:00 p.m. from Monday to Friday
<b>Trading Days</b>	Trading for each product ends on the last working day, prior to the start of the delivery by 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 deals for the day of the relevant member.
<b>Total contract size</b>	Trade size multiplied by the number of days over the period. For instance in case of a trade for a product in March 2020 of a quantity of 10 MWh/d, the contract size shall be 310 MWh and the trade charge shall be due over such quantity.



Balkan Gas Hub offers long-term non-anonymous bilateral contracts which could be traded on the BGH market via registering them in the "Trades" module of Trayport. For the purpose of this service, both parties to the bilateral contract must be TP members who have the right to trade at the VTP and must present the following information to BGH:

- Parties to the contract;
- Product – in accordance with Annex 4 and after payment of the fee for non-standard product in terms of term of the contract;
- Clearly defined price – in the case when the price is calculated via formula or based on indexation, the provided price must be the most possibly precise at the time of submission of the information; the formula or index must be based on public and publicly accessible data.
- Total agreed quantity;
- Point of the title transfer and the respective evidence, licenses and permits for trade at this point if it is different from VTP.

BGH reserves the right to define the way in which it receives the information and to request additional documentation 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 deals 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 forthcoming 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 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 deal 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 deals are not subject to change under any circumstance because of the anonymous character of the deals and in order to avoid market manipulation attempts, market manipulation or market breaches, incl. wrong or misleading signals.



## Annex 5: General Terms and Conditions to the BGH Trading Platform Market Rules

# GENERAL TERMS AND CONDITIONS TO THE BGH TRADING PLATFORM RULES WITH THE PARTICIPATION OF BULGARTRASGAZ EAD

## 1. SUBJECT OF THE GENERAL TERMS AND CONDITIONS

- 1.1. 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).
- 1.2. TSO can be both, Seller and Buyer on the short-term segment of the platform.
- 1.3. 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.
- 1.4. 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, agreed quantity per day in MWh.
- 1.5. 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.

## 2. GENERAL PROVISIONS

- 2.1. All terms in these General terms and conditions are as defined in the Natural Gas Trading Platform Rules (the "**Rules**").
- 2.2. 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.
- 2.3. 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.

- 2.4. 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.

### **3. NATURAL GAS QUANTITY AND QUALITY**

- 3.1. The natural gas quantity subject to delivery under these General terms and conditions shall be determined by mutual agreement through the respective transaction under item 1.1 above.
- 3.2. The gas quality indicators shall meet the transmission system operator's requirements for the respective delivery point.

### **4. PRICE AND PAYMENT CONDITIONS**

- 4.1. The delivery price under the contract shall be determined by mutual agreement through the respective transaction under item 1.1 above. It shall be set for MWh/d excluding VAT and excise duty.
- 4.2. 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.
- 4.3. In case that the given Monday or Thursday is a non-working day, the invoice shall be issued on the first following working day.
- 4.4. The Buyer shall pay the value of the product under the transaction within 3 (three) business days as of the date of receipt electronically of the invoice to the bank account indicated by the Seller in the invoice.
- 4.5. In case of counterclaims, the Parties may expressly agree that they will be offset to the lesser amount, sign an offsetting protocol and issue the respective documents.
- 4.6. The date of making payment under this contract shall be considered the date of crediting the Seller's bank account.
- 4.7. 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.
- 4.8. The invoices, respectively credit/debit notices, under this contract shall be sent by e-mail.
- 4.9. If within the term specified in Art. 4.4, the parties do not pay the amounts due, the party at fault 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.

### **5. TRADE DEPOSIT**

- 5.1. A member of the platform who wishes to enter into transactions with the TSO should:
  - 5.1.1. Have a trade deposit; or



5.1.2. 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, shall be utilized for trade, in accordance with the amount indicated in item 5.2. 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 as a trade deposit. Written requests should be submitted during working days from 8:30 to 16:00 h.

## 5.2. Trade Deposit Amount:

5.2.1. (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.

5.2.2. (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.

5.2.3. (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.

5.3. A member of the platform provides the trade deposit under item 5.1.1. 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

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.

5.4. 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.



- 5.5. 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 deposit.
- 5.6. When the trade deposit falls below its minimum value, under Art. 5.2., 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 Art. 5.2. BGH shall cancel a trade in case of insufficient amount of the trade deposit under Art. 5.2.
- 5.7. 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.
- 5.8. 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.
- 5.9. 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.

In case of delay in payment by more than 5 calendar days by a member of the platform, the TSO has the right to use the security 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, after sending electronically a 2-day notice.

- 5.10. 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.
- 5.11. 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.

## **6. PENALTIES**

- 6.1. 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.
- 6.2. 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.

## **7. APPLICABILITY**

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

## **8. FORCE MAJEURE**





- 8.1. 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**").
- 8.2. If within the above requirements, the events or circumstances that constitute force majeure include the following:
  - 8.2.1. 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;
  - 8.2.2. production incidents, civil unrest, uprisings;
  - 8.2.3. wars (whether declared or not), riots, strikes, boycotts, terrorism, sabotage, blockades, embargoes, protests, acts of public enemies, piracy or civil or military protests;
  - 8.2.4. 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;
  - 8.2.5. 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;
  - 8.2.6. 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;
- 8.3. The following events do not constitute force majeure:
  - 8.3.1. Failure or inability of one of the Parties to pay a sum payable under the contract;
  - 8.3.2. the possibility for the Seller or Buyer to obtain better economic conditions for the product from alternative third parties;
  - 8.3.3. changes in the market or the general economic conditions, including changes in the market prices of the product.
- 8.4. 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 possible within a reasonable deadline, indicating in the notification ("**Force Majeure Notification**") the following:
  - 8.4.1. 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 reasonable documents issued by a competent authority, including, but not limited to, Chamber of Commerce, and



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

8.5. Unless otherwise agreed in writing between the Parties, if:

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

8.5.2. 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.

8.6. In the event of termination under this Art. 8, 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.

## **9. TAXES**

9.1. 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.

9.2. If one Party has to pay taxes that are not applicable under Art. 9.1, the other Party should reimburse her for the costs so incurred.

9.3. 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.

## **10. REPRESENTATIONS AND WARRANTIES**

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

10.1. 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;

10.2. there are no legal or regulatory restrictions to sign and execute these General Terms and Conditions at the delivery point;

10.3. it has all the permits and licenses required for signing, execution and delivery of the quantity subject to each specific transaction;

10.4. 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;

10.5. acts professionally in relation to its core business in compliance with the applicable legislation and regulations;



- 10.6. has taken an independent decision to conclude transactions, does not rely on advice or recommendations from the other Party and can evaluate the benefits on its own, and understands and accepts the terms and risks of these General terms and conditions;
- 10.7. 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.

## **11. CONFIDENTIALITY**

- 11.1. 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.
- 11.2. 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.
- 11.3. 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.
- 11.4. 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:
  - 11.4.1. to its affiliates and employees;
  - 11.4.2. to professional advisers and consultants of the Party, including legal consultants, accountants, bank or financial institutions and other agents;
  - 11.4.3. 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.
  - 11.4.4. if the confidential information becomes public in a manner that is not in breach of this Art. 11.

## **12. ASSIGNMENT**

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.

## **13. AMENDMENTS AND TERMINATION**

- 13.1. 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.
- 13.2. Balkan Gas Hub EAD shall have the right to reject/cancel transactions in the following cases:



- 13.2.1. Upon termination of membership of one of the Parties on the trading platform;
- 13.2.2. 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.
- 13.2.3. In case the member of the Platform does not have enough limit available, required to cover the relevant trade with the TSO.
- 13.3. 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.

#### **14. NOTICES**

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

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

#### **15. OTHER TERMS AND CONDITIONS:**

- 15.1. 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.
- 15.2. 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.
- 15.3. 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 disputes about filling gaps herein or their adaptation to newly arisen circumstances shall be referred for settlement to the competent court.
- 15.4. 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.