



GAS MARKET RULES ^(*)

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

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**TITLE I
GENERAL PROVISIONS**

**Article 1
Text and Annexes**

- 1.1 These Gas Market Rules (hereafter the “Rules”) and the documents attached hereto, which are an integral part hereof, contain the rules governing the operation of the gas market.

**Article 2
Definitions**

- 2.1 For the purposes of these Rules:
- a) **Accepted Bid/Offer** shall mean a technically adequate bid/offer for which the Market Participant acquires the right to receive the requested service or the obligation to supply the offered service, at prices established in accordance herewith;
 - b) **AEEG** shall mean *Autorità per l'Energia Elettrica e il Gas* (electricity & gas regulator), which was set up in compliance with Law no. 481 of 14 November 1995;
 - c) **Applicable Period** shall mean the time period to which an individual bid/offer submitted into the MGAS refers;
 - d) **Auction** shall mean the trading mechanism which involves the submission, change and cancellation of trading orders within a given time interval, with a view to concluding contracts at a single future time and at a single price;
 - e) **Billing** shall mean the determination of the values of payables and receivables;
 - f) **Continuous Trading** shall mean the trading mechanism based on automatic matching of demand bids with supply offers, with continuous entry of new bids/offers during the trading sessions;
 - g) **Day-Ahead Gas Market** (*Mercato del Giorno Prima del Gas - MGP-GAS*) shall mean the venue for the trading of gas demand bids and supply offers for the applicable period following the one in which the auction-trading sitting of the same MGP-GAS ends;
 - h) **Demand Curve** shall mean a segment of a line on the quantity/unit price plane, which refers to an applicable period and which is obtained by cumulating technically adequate bids, ranked in order of non-increasing unit price;
 - i) **Electricity Market Participant** shall mean a natural or legal person (individual or organisation) admitted to trading in the Electricity Market organised and managed by *Gestore dei Mercati Energetici S.p.A.*;
 - j) **Exclusion from the Market** shall mean the loss of the status of Market Participant;
 - k) **GME** shall mean *Gestore dei Mercati Energetici S.p.A.*, the company (*società per azioni*) which is vested, among others, with the economic management of the Electricity Market under Article 5 of Legislative Decree 79/99, the economic management of the natural gas market under Article 30 of Law no. 99 of 23 July 2009, as well as the management of the *Gas Trading Platform* (*Piattaforma di Negoziazione per l'Offerta di Gas - P-GAS*)

- under the Decree of the Minister of Economic Development of 18 March 2010;
- l) **Identification Code of the Market and of the market Sitting** shall mean the alphanumerical code which uniquely identifies a market and a market sitting;
 - m) **Identification Code of the Market Participant** shall mean the alphanumerical code which uniquely identifies a Market Participant in view of participation in the market;
 - n) **Intra-Day Gas Market** (*Mercato Infragiornaliero del Gas - MI-GAS*) shall mean the venue where gas demand bids and supply offers are traded for the applicable period corresponding to the one in which the session of the same MI-GAS ends;
 - o) **Law no. 99 of 23 July 2009** shall mean the law concerning provisions on development and internationalisation of companies, as well as on energy matters;
 - p) **Legislative Decree 164/00** shall mean Legislative Decree no. 164 of 23 May 2000 implementing Directive 98/30/EC concerning common rules for the internal market in natural gas, as per Article 41 of Law no. 144 of 17 May 1999, published in *Gazzetta Ufficiale* no. 142 of 20 June 2000;
 - q) **Legislative Decree 79/99** shall mean Legislative Decree no. 79 of 16 March 1999 implementing Directive 96/92/EC concerning common rules for the internal market in electricity, published in *Gazzetta Ufficiale* no. 75 of 31 March 1999;
 - r) **Market** shall mean the Gas Market (*Mercato del Gas - MGAS*) organised and managed by GME and consisting of the Day-Ahead Gas Market (*Mercato del Giorno Prima del Gas - MGP-GAS*) and of the Intra-Day Gas Market (*Mercato infragiornaliero del Gas - MI-GAS*);
 - s) **Market Participant** shall mean a natural or legal person (individual or organisation) admitted to trading in the MGAS;
 - t) **Merit Order** shall mean the priority order of a set of demand bids or supply offers determined on the basis of the offered price and, this being equal, on the basis of other reference parameters defined herein;
 - u) **Multiple Bid/Offer** shall mean a bid/offer consisting of a set of simple bids/offers submitted by the same Market Participant for the same applicable period;
 - v) **Network Code** shall mean the terms and conditions established by AEEG for the gas transmission service under Article 24, para. 5 of Legislative Decree 164/00 and the rules established by *Snam Rete Gas*;
 - w) **PSV** shall mean *Sistema per Scambi/Cessioni di Gas al Punto di Scambio Virtuale – modulo PSV* (gas trading system at the Virtual Trading Point – PSV) referred to in AEEG's Decision 22/04 (as subsequently amended and supplemented) and organised and managed by *Snam Rete Gas*;
 - x) **PSV code** shall mean the code assigned by *Snam Rete Gas* to the Market Participant when he/she is authorised to access the *Sistema per Scambi/Cessioni di Gas al Punto di Scambio Virtuale – modulo PSV* (gas trading system at the Virtual Trading Point – PSV);
 - y) **Reference Billing Period** shall mean the period of time taken as a reference for the joint billing of payables and receivables resulting from the markets taking place during the same period;

- z) **Session** shall mean the set of activities directly related to receiving and processing bids/offers, as well as determining the corresponding market results;
- aa) **Simple Bid/Offer** shall mean a bid/offer that specifies a quantity of gas offered for purchase or sale and a unit purchase or sale price and that refers to a market and to an applicable period;
- bb) **Sitting** shall mean the period of time of the auction stage of the MGP-GAS within which bids/offers shall be submitted in order to be validated and verified as technically adequate ;
- cc) **Snam Rete Gas** shall mean *Snam Rete Gas S.p.A.*, a company (*società per azioni*) established on 15 November 2000, which carries out activities of transmission and dispatching of gas and which organises and manages the PSV system under AEEG's Decision 22/04, as subsequently amended and supplemented;
- dd) **Supply Curve** shall mean a segment of a line on the quantity/unit price plane, which refers to an applicable period and which is obtained by cumulating technically adequate supply offers, ranked in order of non-decreasing unit price;
- ee) **Suspension from the Market** shall mean the temporary prohibition for a Market Participant to submit bids/offers into the market;
- ff) **Technically Adequate Bid/Offer** shall mean a valid bid/offer which has been verified successfully as prescribed herein;
- gg) **Valid Bid/Offer** shall mean a bid/offer submitted in accordance with the procedures and within the time limits indicated herein;
- hh) **Working Day** shall mean a day from Monday to Friday, with the exception of holidays recognised by the State for all civil purposes, as well as any other days indicated in the Technical Rules.

Article 3

General Principles and Amendments to the Rules

- 3.1 GME shall exercise its functions in an open and non-discriminatory way.
- 3.2 GME shall put in place an organisational structure suitable for preventing real or potential conflicts of interest and use procedures for monitoring compliance both with these Rules and with the Technical Rules.
- 3.3 In their activities in the market, Market Participants are required to conform to common principles of correctness and good faith.
- 3.4 GME may propose amendments hereto and notify them to all the parties concerned by posting them on its website or by other suitable means, allowing at least fifteen days for the submission of comments, if any. Taking into account the comments received, GME shall submit the proposed amendments (and the reasons therefor) to the approval of the Ministry of Economic Development, which shall decide after hearing the opinion of AEEG.
- 3.5 The procedure referred to in para. 3.4 above shall not apply to urgent amendments hereto having the purpose of safeguarding the proper functioning of the market. Any such amendment proposed by GME shall have effect as of the

date of its publication on GME's website and promptly submitted to the approval of the Ministry of Economic Development, which shall decide after hearing the opinion of AEEG. In case of non-approval, the amendment shall cease to have effect as of the date of notification of the Ministry's decision to GME. GME shall timely notify the outcome of the approval procedure to Market Participants by posting it on its website.

Article 4 **Technical Rules**

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

Article 5 **Units of Measurement and Rounding off**

- 5.1 For the purposes of the market:
 - a) for the gas quantities, the unit of measurement shall be the MWh/day, without decimals;
 - b) for the monetary quantities, the unit of measurement shall be the Euro, specified with two decimals;
 - c) for the unit prices of gas, the unit of measurement shall be the Euro/MWh, specified with three decimals.
- 5.2 For the purposes of the market, figures shall be rounded off according to the mathematical criterion. In particular, figures shall be rounded up or down to the nearest last decimal allowed and, if the result is halfway, they shall be rounded up.

Article 6 **Access to GME's Information System**

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

Article 7
Fees for the Services Provided by GME

- 7.1 For services provided by GME in the MGAS, Market Participants shall pay:
- a) an access fee;
 - b) a yearly fixed fee;
 - c) a fee for the MWh traded.
- 7.2 If the MGAS Participant is at the same time an Electricity Market Participant, he/she shall not pay to GME the fee referred to in para. 7.1 a) above.
- 7.3 On a yearly basis, GME shall determine the extent of the fees referred to in para. 7.1 above. The fees, having effect on 1 January of the subsequent year, shall be published on GME's website.

Article 8
Market Information

- 8.1 The aggregated market data and results shall be of public domain and published on GME's website. Market Participants shall have access to the data and market information that directly concern them.
- 8.2 Unless laws, regulations or other instruments issued by authorities require the disclosure of information, GME shall hold the data pertaining to bids/offers submitted into the MGAS confidential for a period of at least twelve months.
- 8.3 GME shall only transmit to Snam Rete Gas the information required for the activities falling under its responsibility.

Article 9
Communication and Publication of Data and Information

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

c) at 08:00 of the day of receipt, if it arrives between 00:00 and 08:00 of a working day.

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

Article 10 Security of Access

10.1 Market Participants shall have access to the market through special procedures defined in the Technical Rules. Such procedures shall guarantee the identification of Market Participants and authenticate their transactions.

10.2 Market Participants shall treat their access codes and any other data or device required to access GME's information system as confidential.

TITLE II ADMISSION TO THE MARKET

Article 11 Requirements for Admission to the Market

11.1 Parties applying for admission to the market shall have adequate experience and competence in the use of ICT systems and related security systems, or have employees or assistants with such experience and competence.

11.2 The following parties shall not be admitted to the market:

- a) applicants that have been convicted with a final judgement (except in cases of rehabilitation/reinstatement), or with a judgement applying the penalty at the request of the parties (except in cases of extinction of the crime), to imprisonment for the crime referred to in Article 501 of the Italian Criminal Code, for one of the violations of the secrecy of electronic communications referred to in Articles 617 *quater*, *quinquies*, *sexies* of the Criminal Code, for computer fraud as per Article 640 *ter* of the Criminal Code, for fraud against the State or other public body as per Article 640, para. 2, no. 1 of the Criminal Code, as well as for income tax and value added tax crimes as per Legislative Decree no. 74 of 10 March 2000;
- b) parties that have been excluded from the market, except in the case of exclusion referred to in Article 19 below.

11.3 If the party applying for market admission is a legal person (organisation), the requirements stated in para. 11.2 above shall refer to the owner, legal representative or duly authorised person.

- 11.4 In the cases where reference is to be made, in full or in part, to foreign legal systems, GME shall verify compliance with the admission requirements mentioned in paras. 11.2 and 11.3 above based on a substantial equivalence evaluation.

Article 12

Market Participation Application and Market Participation Agreement

- 12.1 The party intending to participate in the market must submit to GME (in accordance with the procedures and within the time limits established in the Technical Rules):
- a) a market participation application (*Domanda di ammissione al mercato*) in the format enclosed hereto (*Annex A*) together with the documents indicated in Article 13 below;
 - b) a signed copy of the market participation agreement (*Contratto di adesione al mercato*) in the format enclosed hereto (*Annex B*).

Article 13

Documents to Be Enclosed to the Market Participation Application

- 13.1 The market participation application, duly signed by the applicant, shall be accompanied by:
- a) a declaration in compliance with Decree no. 445 of the President of the Republic of 28 December 2000 stating that the party applying for admission to the market or, if such party is a legal person, the parties referred to in Article 11, para. 11.3 above, have not been subject in Italy to measures implying the loss of the qualifications mentioned in Article 11, para. 11.2 a) above, or subject abroad to measures corresponding to those which would imply the loss of the same qualifications in Italy, or other equivalent documents based on which GME shall carry out a substantial equivalence evaluation;
 - b) if the market participation application is signed by the legal representative or other duly authorised person, a declaration in compliance with Decree no. 445 of the President of the Republic of 28 December 2000, certifying his/her powers of representation, or other equivalent documents based on which GME shall carry out a substantial equivalence evaluation.
- 13.2 If the documents referred to in paras. 13.1 above are already held by GME, the applicant shall be exempted from submitting them, but he/she shall submit a declaration indicating this fact, specifying the date of submission of the documents to GME and certifying that the content of such documents is still current.

Article 14

Admission Procedure

- 14.1 GME shall notify the applicant of his/her admission to the market or of the rejection of his/her application accompanied by the reasons for such rejection within fifteen calendar days from receipt of the application, after verifying fulfilment of the requirements stated in Article 11 above, as well as the validity of the

submitted documents. Such notification shall be made in accordance with the modalities and time limits that are defined in the Technical Rules.

- 14.2 For the purpose of verifying fulfilment of the requirements referred to in Article 11.1 above, GME may ask the applicant to provide appropriate documents.
- 14.3 In case of incomplete or irregular documents, GME shall - under the modalities and within the time limits defined in the Technical Rules - communicate to the applicant the steps necessary to complete or regularise the documents, as well as the date by which he/she shall do so. Such notification shall suspend the time limit referred to in para. 14.1 above, which shall run from the date upon which GME receives the completed or regularised documents.
- 14.4 Upon admission, the applicant shall acquire the status of Market Participant.

Article 15 **Admission of Snam Rete Gas to the Market**

- 15.1 With exception to Article 14 above, Snam Rete Gas shall by right acquire the status of Market Participant.
- 15.2 An appropriate agreement between Snam Rete Gas and GME may establish specific forms of guarantee of fulfilment of obligations arising from participation of Snam Rete Gas in the MGAS, as an alternative to and having the same effectiveness as those referred to in Article 45 below.

Article 16 **Register of Market Participants**

- 16.1 The parties admitted to the market as per Articles 14 and 15 above shall be entered into an appropriate Register of Market Participants (*Elenco degli operatori ammessi al mercato*). The Register shall be created and held by GME in compliance with Legislative Decree no. 196 of 30 June 2003, as subsequently amended and supplemented.
- 16.2 The Register of Market Participants shall include the following data for each Market Participant:
 - a) identification code of the Market Participant;
 - b) surname and name, company name or registered name, place of residence and place of domicile if different from the place of residence or registered office, taxpayer's code, VAT number, fax and telephone numbers, e-mail addresses and the persons to whom communications, if any, shall be sent and related addresses;
 - c) status of the Market Participant: admitted, active, suspended, pending request for exclusion, excluded;
 - d) PSV code;
 - e) bank details of the Market Participant;
 - f) amount of financial guarantees posted in favour of GME;
 - g) taxation scheme applied to the Market Participant.

- 16.3 GME shall post the following data and information about Market Participants on its website:
a) surname and name, company name or registered name;
b) place of residence or registered office.
- 16.4 Each Market Participant may access his/her own data and information contained in the Register of Market Participants.

Article 17
Data and Information for Participation in the Market

- 17.1 For the purpose of submitting bids/offers into the market, each Market Participant shall request GME to enter the data and information referred to in Article 16, para. 16.2 e) and g) above into the Register of Market Participants.
- 17.2 The insertion of the data and information referred to in Article 16, para. 16.2 d) above shall follow the notification referred to in Article 18 below.
- 17.3 The insertion of the data and information referred to in Article 16, para. 16.2 a) above shall follow the notifications referred to in Article 45, paras. 45.8 and 45.11 and Article 46, paras. 46.5 and 46.9 below.
- 16.4 To the request for insertion of data and information as per Article 16, para. 16.2 g) above, the Market Participant shall enclose a statement declaring his/her VAT taxation scheme, in accordance with the provisions of the Technical Rules.
- 16.5 On receipt of the requests referred to in para. 17.1 above, GME shall update the Register of Market Participants. This modification shall take effect within the second working day following receipt of the request by GME.

Article 18
Data and Information about Market Participants Authorised to Operate at the PSV

- 18.1 For the purpose of submitting bids/offers into the MGAS, Market Participants shall be authorised to operate at the PSV.
- 18.2 To verify the authorisation referred to in para. 18.1 above, GME shall - under the procedure and within the time limits established by GME and Snam Rete Gas in an appropriate agreement - daily acquire from Snam Rete Gas the updated list of operators authorised to operate at the PSV; for each operator, the list shall include at least the following data:
a) identification data;
b) PSV code.
- 18.3 The data referred to in para. 18.2 above shall take effect on the dates indicated in the Technical Rules.

Article 19 **Verifications**

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

Article 20 **Notification Obligations**

- 20.1 Market Participants are required to notify GME promptly - and in any case within three working days - of the occurrence of any change in circumstances that may involve the change of any of the data and information referred to in Article 16, para. 16.2 b), e), a) and g) above, that they have declared and that have been entered into the Register of Market Participants.
- 20.2 GME shall update the Register of Market Participants taking into account the notifications mentioned in para. 20.1 above.

Article 21 **Exclusion from the Market on Request**

- 21.1 For the purposes of exclusion from the market, Market Participants shall - under the modalities and within the time limits defined in the Technical Rules - deliver or send to GME's registered office an appropriate written request indicating the date from which exclusion is requested.
- 21.2 Exclusion from the market on request shall run from the later of the following dates:
- a) the second working day following receipt by GME of the request referred to in para. 21.1 above;
 - b) the date indicated in the request referred to in para. 21.1 above.
- 21.3 Without prejudice to the provisions of the above paragraphs, the exclusion from the market on request shall not exempt the Market Participant from fulfilling obligations arising from commitments made in the MGAS.

**TITLE III
OPERATION OF THE MARKET**

**Article 22
Gas Market Structure, Applicable Period and Trading Mechanisms**

- 22.1 The Gas Market (MGAS) shall consist of:
- a) the Day-Ahead Gas Market (MGP-GAS);
 - b) the Intra-Day Gas Market (MI-GAS).
- 22.2 The applicable period for the markets referred to in para. 22.1 above shall be equal to the gas-day, i.e. to the period of 24 consecutive hours beginning at 06:00 of each calendar day and ending at 06:00 of the subsequent calendar day.
- 22.3 Transactions in the MGP-GAS for each applicable period shall take place in two successive stages. In the first stage, transactions shall be based on the continuous-trading mechanism; in the second stage, they shall be based on the auction-trading mechanism.
- 22.4 The continuous-trading session of the MGP-GAS shall:
- a) open three days before the gas-day to which bids/offers refer;
 - b) close on the day preceding the gas-day to which bids/offers refer, within the time limit indicated in the Technical Rules.
- 22.5 The auction trading of the MGP-GAS shall take place in a single session, on the day preceding the gas-day to which bids/offers refer.
- 22.6 The opening and closing hours of the continuous-trading session and of the auction-trading sitting referred to in paras. 22.4 and 22.5 above shall be established in the Technical Rules.
- 22.7 Transactions in the MI-GAS for each applicable period shall take place under the continuous-trading mechanism.
- 22.8 The session of the MI-GAS shall open after the closing of the MGP-GAS and close on the gas-day to which the bids/offers refer. The opening and closing hours of the MI-GAS session shall be established in the Technical Rules.
- 22.9 In the gas purchase and sale contracts made on the MGAS, GME shall act as central counterparty to Market Participants.
- 22.10 In the MGAS, the volumes and related unit prices shall refer to gas.

Article 23
Definitivity of Transactions

- 23.1 The gas transactions concluded in the MGAS shall be definitive and binding - also for the purposes of the guarantee, of the clearing, of the billing and of the settlement of payables and receivable arising in the MGAS, as well as of the related obligations - since the time at which demand bids and supply offers are verified as valid and technically adequate and accepted in the bidding system under Articles 26, 27, 30, 34 and 35 below, and acquired by Snam Rete Gas under Articles 31 and 36 below.

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

Article 24
Purpose of the MGP-GAS

- 24.1 In the MGP-GAS, Market Participants may enter gas demand bids and supply offers in respect of the calendar gas-day following the one on which the auction sitting ends.
- 24.2 Under Article 22, para. 22.3 above, transactions in the MGP-GAS shall take place in two stages: a first stage under the continuous-trading mechanism and a subsequent second stage under the auction-trading mechanism.

Article 25
Submission of Bids/Offers during the Continuous-Trading Session

- 25.1 Bids/offers shall be submitted in accordance with the procedures and within the time limits defined in the Technical rules. They shall contain at least following data:
- a) identification code of the Market Participant submitting the bid/offer;
 - b) identification code of the session of the MGP-GAS for which the bid/offer is submitted;
 - c) type of bid/offer (demand bid/supply offer);
 - d) offered quantity;
 - e) unit price for the offered quantity.
- 25.2 The quantities specified in demand bids and supply offers shall only have positive integer values.
- 25.3 Market Participants may enter bids/offers without price limit.
- 25.4 Market Participants may not enter:
- a) bids/offers with price limit equal to zero;
 - b) demand bids or supply offers without price limit, if no supply offers or demand bids with price limit are present in the order book, respectively.

- 25.5 In the order book, bids/offers which have been verified as valid and technically adequate under Article 26 below shall be ranked in decreasing price order (demand bids) and in increasing price order (supply offers). If bids/offers have an equal price, they shall be ranked on the basis of their time of entry. Bids/offers without price limit shall have the maximum price priority.
- 25.6 Market Participants may change or cancel the bids/offers that have not yet been matched. The changed bids/offers shall lose the time priority that they have previously acquired.
- 25.7 Bids/offers shall be posted in the order book without specifying the proposing Market Participant, thus ensuring his/her anonymity.

Article 26
Validation and Technical Adequacy Verification of Bids/Offers
Submitted during the Continuous-Trading Session

- 26.1 During the continuous-trading session, GME shall verify the validity and technical adequacy of each bid/offer that it has received, ensuring that:
- a) the Market Participant is not suspended;
 - b) the Market Participant is authorised to operate at the PSV based on the latest information obtained from Snam Rete Gas under Article 18, para. 18.2 above;
 - c) the bid/offer has been submitted in compliance with the modalities referred to in Article 25, para. 25.1 above;
 - d) the bid/offer specifies all the data referred to in Article 25, para. 25.1 above;
 - e) the bid/offer is guaranteed under Article 47 below.
- 26.2 GME's information system shall return the outcome of the validation and technical adequacy verification of the bids/offers referred to in Article 26 above and:
- a) if the outcome is negative, it shall reject the entry of bids/offers into the order book, explaining the reasons for the rejection;
 - b) if the outcome is positive, the bids/orders shall be entered into the order book with temporary validity and technical adequacy, considering the provisions of para. 26.3 below.
- 26.3 During and until the end of the continuous-trading session, whenever GME receives from Snam Rete Gas an update of the data referred to in Article 18, para. 18.2 above, it shall repeat the verifications referred to in para. 26 b) above:
- a) on the bids/offers referred to in para. 26.2 b) above, submitted and not yet matched;
 - b) on the bids/offers referred to in para. 26.2 b) above, submitted and already matched under Article 27 below;
- returning the outcome as indicated in para. 26.4 below.
- 26.4 If the verifications indicated in para. 26.3 above have a negative outcome, GME shall:
- a) reject the bids/offers - entered into the order book but not yet matched - of the Market Participant whose PSV authorisation has not been confirmed by Snam Rete Gas and positively verified by GME;

- b) cancel all transactions - deriving from the bids/offers that have been entered and matched during the session referred to in Article 27 below - of the Market Participant whose PSV authorisation has not been confirmed by Snam Rete Gas and positively verified by GME;
- c) cancel the transactions of the other Market Participants - which have been matched during the session referred to in Article 27 below - with those of the Market Participant whose PSV authorisation has not been confirmed by Snam Rete Gas and positively verified by GME;
- d) notifies Market Participants, who have submitted the bids/offers and carried out the transactions mentioned in above subparagraphs, of the outcome of such verifications.

26.5 In the cases covered by para. 26.4 above, Market Participants, who have carried out the transactions referred to in para. 26.4 c) above, may submit new bids/offers both in the continuous-trading session mentioned in Article 27 below and in the auction-trading sitting mentioned in Article 28 below.

26.6 In the cases covered by para. 26.4 a) and b) above, the Market Participant whose PSV authorisation has not been positively verified is held to pay a penalty. The amount of the penalty shall be equal to twice the fee referred to in Article 7, para. 7.1 c), applied to the quantities covered by the bids/offers which have been submitted and subsequently rejected, or matched and subsequently cancelled.

26.7 To the transactions of para. 26.4 c) above, which have been cancelled in connection with those carried out by the Market Participant whose authorisation under Article 18 above has not been positively verified, GME shall not apply the fee referred to in Article 7, para. 7.1 c) above. After collecting the penalty of para. 26.6 above, GME shall pay to the Market Participant who has carried out such transactions - as a compensation - an amount equal to twice the amount of the fee referred to in Article 7, para. 7.1 c) above, applied to the quantities covered by the cancelled transactions.

26.8 If the verifications mentioned in para. 26.3 above have a positive outcome, the bids/offers:

- a) which have not yet been matched shall remain posted in the order book, with the temporary validity and technical adequacy, until the end of the market session, under para. 26.9 below;
- b) which have been matched shall be deemed to be temporarily valid and technically adequate until the end of the market session, as per para. 26.10 below.

26.9 The bids/offers of para. 26.2 b) above, submitted and not yet matched, shall be deemed to be definitively valid and technically adequate, if the verifications of Article 25, para. 25.1 b) above, based on the latest data obtained from Snam Rete Gas at the end of the continuous-trading session of the MGP-GAS, have had a positive outcome.

26.10 The bids/offers of para. 26.2 b) above, submitted and already matched, shall be deemed to be definitively valid and technically adequate, if the verifications of Article 25 para. 25.1 b) above, based on the latest data obtained from Snam Rete Gas at the end of the continuous-trading session of the MGP-GAS, have had a positive

outcome. The provisions of Article 23 above shall apply to the transactions pertaining to such bids/offers.

Article 27 **Continuous-Trading Session**

- 27.1 During continuous trading, transactions shall be concluded through automatic matching of demand bids and supply offers which have been verified as valid and technically adequate under Article 26 above, are present in the order book and ranked under the priority criteria referred to in Article 25, para. 25.5 above.
- 27.2 The entry of a demand bid with price limit shall determine the matching of the bid (until it is exhausted) with one or more supply offers having a price lower than or equal to the one of the entered bid.
- 27.3 The entry of a supply offer with price limit shall determine the matching of the offer (until it is exhausted) with one or more demand bids having a price higher than or equal to the one of the entered offer.
- 27.4 The entry of a supply offer without price limit shall determine the matching of the offer (until it is exhausted) with one or more bids/offers of opposite sign that are present in the order book upon entry of the offer.
- 27.5 If a bid/offer with price limit is partially executed, its non-executed part shall create a bid/offer that shall remain posted in the order book with the same price and time priority as the original bid/offer. If a bid/offer without price limit is partially executed, its non-executed part shall create a bid/offer that shall remain posted in the order book with the same price as the original bid/offer.
- 27.6 For each transaction concluded under paras. 27.2 and 27.3 above, the price shall be equal to the one of the bid/offer having time priority.
- 27.7 Demand bids and supply offers shall not be matched, if they have been submitted by the same Market Participant.
- 27.8 At the end of the continuous-trading session, the bids/offers which have been verified as valid and technically adequate but not executed under Article 26, para. 26.9 above shall be automatically transferred to the auction-trading sitting, with the price at which they were posted in the order book and their original time priority.

Article 28 **Bid/Offer Submission during the Auction-Trading Sitting**

- 28.1 Except as provided in Article 27, para. 27.8 above, bids/offers may be submitted:
- a) by completing the appropriate forms available in GME's information system;
 - b) by sending a file, via GME's information system, in the format defined in the Technical Rules.

- 28.2 Bids/offers shall contain at least following data:
- a) identification code of the Market Participant submitting the bid/offer;
 - b) identification code of the MGP-GAS sitting to which the bid/offer refers;
 - c) type of bid/offer (demand bid/supply offer);
 - d) offered quantity;
 - e) unit price for the offered quantity.
- 28.3 The quantities specified in demand bids and supply offers shall only have positive integer values. The unit prices specified in demand bids and supply offers shall only have values greater than or equal to zero.
- 28.4 Market Participants may submit simple or multiple bids/offers. The maximum number of simple bids/offers making up a multiple bid/offer shall be defined in the Technical Rules. For the purpose of determining the market results, each multiple bid/offer shall be considered as a set of simple bids/offers.
- 28.4bis Where a Market Participant has already submitted:
- a) demand bids during a market sitting, he/she may not submit supply offers having a price lower than or equal to the price of the already submitted demand bids;
 - b) supply offers during a market sitting, he/she may not submit demand bids having a price higher than or equal to the price of the already submitted supply offers.
- 28.5 For the purpose of determining the market results, as set forth in Article 30 below, the quantities specified in supply offers or demand bids may also be partially accepted
- 28.6 Supply offers shall be ranked in non-decreasing price order from the lowest-priced offers to the highest-priced ones. Demand bids shall be ranked in non-increasing price order, from the highest-priced bids to the lowest-priced ones.
- 28.7 If, as a result of the application of para. 28.6 above, the bids/offers have equal priority, then the priority order shall correspond to the chronological order of receipt thereof.
- 28.8 A valid bid/offer as per Article 29 below may be replaced with a new bid/offer until the end of the auction sitting. For the purpose of defining the priority order, reference shall be made to the time of entry of latest change received.
- 28.9 A valid bid/offer as per Article 29 below submitted by a Market Participant may be revoked until the end of the auction sitting.

Article 29
Validation and Technical Adequacy Verification of Bids/Offers
Submitted during the Auction-Trading Sitting

- 29.1 During the auction-trading sitting, GME shall - within the time limit established in the Technical rules - validate and verify the technical adequacy of each bid/offer received. Within the same time limit, GME shall notify the Market Participant

concerned of the outcome of the validation and verification and of the reasons for a possible negative outcome.

- 29.2 A received bid/offer shall be considered as valid and technically adequate if it satisfies the following requirements:
- a) the Market Participant is not suspended;
 - b) the Market Participant who has submitted the bid/offer is authorised to operate at the PSV based on the Ia test data obtained from Snam Rete Gas by the end of the market sitting, as per Article 18, para. 18.2 above;
 - c) the bid/offer has been submitted in compliance with the modalities referred to in Article 28, para. 28.1 above;
 - d) the bid/offer specifies all the data referred to in Article 28, para. 28.2 above;
 - e) the bid/offer has been received within the time period defining the duration of the market sitting, as indicated in the Technical Rules;
 - f) the bid/offer is guaranteed as specified in Article 47 below.

Article 30 **Results of Auction Trading**

- 30.1 The provisions of this Article shall apply to each bid/offer, which has been received and deemed to be valid and technically adequate in the auction sitting of the MGP-GAS.
- 30.2 In accordance with *Annex E* hereto, GME shall identify the accepted bids/offers as well as the corresponding prices in such a way that:
- a) the net value of the resulting transactions is maximum, provided that the quantity of gas specified in the accepted supply offers is equal to the quantity of gas specified in the accepted demand bids;
 - b) the price at which the gas is valued is equal to the least cost, determined on the basis of demand bids and supply offers which have been deemed to be valid and technically adequate;
 - c) only supply offers whose price does not exceed the price referred to in subpara. b) above are accepted;
 - d) only demand bids whose price is not lower than the price referred to in subpara. b) above are accepted.
- 30.3 For the purposes of para. 30.2 a) above, the net value of transactions is defined as the difference between the overall value of accepted demand bids and the overall value of accepted supply offers. These overall values shall be determined by valuing the quantity of gas specified in each accepted bid/offer, or the accepted quantity in case of partial acceptance of a bid/offer, at the price specified in that bid/offer.

Article 31 **Notification of the Results of the MGP-GAS**

- 31.1 Within the time limit defined in the Technical Rules, GME shall publish the results of the continuous-trading session, specifying at least the following data and information:
- a) minimum price and maximum price of the session;
 - b) volume traded in the session.

- 31.2 Within the time limit defined in the Technical Rules, GME shall identify the bids/offers accepted in the auction-trading sitting and the corresponding price in accordance with the modalities mentioned in Article 30 above and define:
- a) the price at which the accepted demand bids and supply offers have been valued;
 - b) the overall quantities of gas specified in the accepted demand bids and supply offers;
 - c) the demand curve and the supply curve.
- 31.3 Within the time limit defined in para. 31.2 above, GME shall publish the following data and information:
- a) the price referred to in para. 31.2 a) above;
 - b) the overall quantity of gas referred to in para. 31.2 b) above;
 - c) the demand curve and the supply curve referred to in para. 31.2 c) above.
- 31.4 Within the time limit defined in para. 31.2 above, GME shall notify each Market Participant that has submitted bids/offers in the MGP-GAS auction sitting and only in respect of such bids/offers:
- a) the accepted bids/offers, specifying the accepted gas quantity;
 - b) the bids/offers which have been rejected as invalid and technically inadequate after the verifications referred to in Article 29 above, specifying the reasons for such inadequacy.
- 31.5 After the close of the MGP-GAS, GME shall transmit to Snam Rete Gas - in accordance with the procedures and within the time limits identified by GME and Snam Rete Gas in an appropriate agreement - the data required for registering in the PSV system the quantities of gas corresponding to the algebraic sum of the demand bids and supply offers submitted by each Market Participant and accepted in the MGP-GAS.
- 31.6 For the purposes of the exchange of information referred to in para. 31.5 above, GME and Snam Rete Gas shall use the GJ as the unit of measurement for gas quantities.
- 31.7 To convert the quantities expressed in MWh into GJ and vice versa, GME shall use a conversion factor of 3.6 GJ/MWh.
- 31.8 After receiving the information referred to in para. 31.5 above, Snam Rete Gas shall make the registrations at the PSV.

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

Article 32 Purpose of the MI-GAS

- 32.1 In the MI-GAS, gas demand bids and supply offers shall be selected for the gas-day corresponding to the one on which the sitting ends.

Article 33
Bids/Offers

- 33.1 Bids/offers shall be submitted in accordance with the procedures and within the time limits defined in the Technical Rules. They shall specify at least following data:
- a) identification code of the Market Participant submitting the bid/offer;
 - b) identification code of the session of the MI-GAS for which the bid/offer is submitted;
 - c) type of bid/offer (demand bid/supply offer);
 - d) offered quantity;
 - e) unit price for the offered quantity.
- 33.2 The quantities specified in demand bids and supply offers shall only have positive integer values.
- 33.3 Market Participants may enter bids/offers without price limit.
- 33.4 Market Participants shall not enter:
- a) bids/offers with price limit equal to zero;
 - b) demand bids or supply offers without price limit, if no supply offers or demand bids with price limit are present in the order book, respectively.
- 33.5 In the order book, the bids/offers which have been verified as valid and technically adequate under Article 34 below shall be ranked in decreasing price order (demand bids) and in increasing price order (supply offers). If the bids/offers have an equal price, they shall be ranked on the basis of their time of entry. Bids/offers without price limit shall have the maximum price priority.
- 35.6 Market Participant may change or cancel the bids/offers that have not yet been matched. The changed bids/offers shall lose the time priority that they have previously acquired.
- 33.7 Bids/offers shall be posted in the order book without specifying the proposing Market Participant, thus ensuring his/her anonymity.

Article 34
Validation and Technical Adequacy Verification of Bids/Offers

- 34.1 After receiving the bids/offers, GME shall verify their validity and technical adequacy, ensuring that:
- a) the Market Participant is not suspended;
 - b) the Market Participant is authorised to operate at the PSV based on the latest information obtained from Snam Rete Gas under Article 18, para. 18.2 above;
 - c) the bid/offer has been submitted in compliance with the modalities referred to in Article 33, para. 33.1 above;
 - d) the bid/offer specifies all the data referred to in Article 33, para. 33.1 above;
 - e) the bid/offer is guaranteed under Article 47 below.

- 34.2 GME's information system shall return the outcome of the validation and technical adequacy verification of the bids/offers referred to in Article 34.1 above and:
- a) if the outcome is negative, it shall reject the entry of bids/offers into the order book, explaining the reasons for the rejection;
 - b) if the outcome is positive, the bids/orders shall be entered into the order book with temporary validity and technical adequacy, considering the provisions of para. 34.3 below.
- 34.3 During and until the end of the continuous-trading session, whenever GME receives from Snam Rete Gas an update of the data referred to in Article 18, para. 18.2 above, it shall repeat the verifications referred to in Article 34.1 a) above:
- a) on the bids/offers referred to in para. 34.2 b) above, submitted and not yet matched,
 - b) on the bids/offers referred to in para. 34.2 b) above, submitted and already matched under Article 35 below,
- returning the outcome as indicated in para. 34.4 below.
- 34.4 If the verifications indicated in para. 34.3 above have a negative outcome, GME shall:
- a) reject the bids/offers - entered into the order book but not yet matched - of the Market Participant whose PSV authorisation has not been confirmed by Snam Rete Gas and positively verified by GME;
 - b) cancel all transactions - deriving from the bids/offers entered and matched during the session referred to in Article 35 below - of the Market Participant whose PSV authorisation has not been confirmed by Snam Rete Gas and positively verified by GME;
 - c) cancel the corresponding transactions of the other Market Participants - which have been matched during the session referred to in Article 35 below - with those of the Market Participant whose PSV authorisation has not been confirmed by Snam Rete Gas and positively verified by GME;
 - d) notifies Market Participants who have submitted the bids/offers and carried out the transactions referred to in the above subparagraphs of the outcome of such verifications.
- 34.5 In the cases covered by para. 34.4 above, the Market Participants who have carried out the transactions referred to in para. 34.4 c) above may submit new bids/offers until the end of the continuous-trading session mentioned in Article 35 below.
- 34.6 In the cases covered by para. 34.4 a) and b) above, the Market Participant whose PSV authorisation has not been positively verified is held to pay a penalty. The amount of the penalty shall be equal to twice the fee referred to in Article 7, para. 7.1 c) and applied to the quantities of the bids/offers which have been submitted and subsequently rejected, or matched and subsequently cancelled.
- 34.7 To the transactions of para. 34.4 c) above, which have been cancelled in connection with those carried out by the Market Participant whose authorisation under Article 18 has not been positively verified, GME shall not apply the fee referred to in Article 7, para. 7.1 c) above. After collecting the penalty covered by para. 34.6 above, GME shall pay to the Market Participant who has carried out such transactions - as a compensation - an amount equal to twice the amount of the fee

referred to in Article 7, para. 7.1 c), applied to the quantities covered by the cancelled transactions.

- 34.8 If the verifications mentioned in para. 34.3 above have a positive outcome, the bids/offers:
- a) which have not yet been matched shall remain posted in the order book, with temporary validity and technical adequacy, until the end of the market session, as per para. 34.9 below;
 - b) which have been matched shall be deemed to be temporarily valid and technically adequate until the end of the market session, as per para. 34.10 below.
- 34.9 The bids/offers of para. 34.2 b) above, submitted and not yet matched, shall be deemed to be definitively valid and technically adequate, if the verifications of Article 34, para. 34.1 b) above, based on the latest data obtained from Snam Rete Gas at the end of the MI-GAS session, have had a positive outcome.
- 34.10 The bids/offers of para. 34.2 b) above, submitted and already matched, shall be deemed to be definitively valid and technically adequate, if the verifications of Article 34, para. 34.1 b) above, based on the latest data obtained from Snam Rete Gas at the end of the MI-GAS session, have had a positive outcome. The provisions of Article 23 above shall apply to the transactions pertaining to such bids/offers.

Article 35 ***Continuous Trading***

- 35.1 During continuous trading, transactions shall be concluded through automatic matching of demand bids and supply offers which have been verified to be valid and technically adequate under Article 34 above, are present in the order book and are ranked under the priority criteria referred to in Article 33, para. 33.5 above.
- 35.2 The entry of a demand bid with price limit shall determine the matching of the bid (until it is exhausted) with one or more supply offers having a price lower than or equal to the one of the entered bid.
- 35.3 The entry of a supply offer with price limit shall determine the matching of the offer (until it is exhausted) with one or more demand bids having a price higher than or equal to the one of the entered offer.
- 35.4 The entry of a supply offer without price limit shall determine the matching of the offer (until it is exhausted) with one or more bids/offers of opposite sign that are present in the order book upon entry of such bid/offer.
- 35.5 If a bid/offer with price limit is partially executed, its non-executed part shall create a bid/offer that shall remain posted in the order book with the same price and time priority as the original bid/offer. If a bid/offer without price limit is partially executed, its non-executed part shall create a bid/offer that shall remain posted in the order book with the price of the latest concluded transaction and the time priority of the original bid/offer.

- 35.6 For each transaction concluded under paras. 35.2 and 35.3 above, the price shall be the one of the bid/offer having time priority.
- 35.7 Demand bids and supply offers shall not be matched, if they have been submitted by the same Market Participant.
- 35.8 At the end of the continuous-trading session, the bids/offers which have not been matched shall be cancelled from the order book.

Article 36
Notification of the Results of the MI-GAS

- 36.1 Within the time limit defined in the Technical Rules, GME shall publish the results of the MI-GAS session, specifying at least the following data and information:
a) minimum price and maximum price of the session;
b) volume traded in the session.
- 36.2 After the close of the MI-GAS, GME shall transmit to Snam Rete Gas - in accordance with the procedures and within the time limits identified by GME and Snam Rete Gas in an appropriate agreement - the data required for registering in the PSV system the quantities of gas corresponding to the algebraic sum of the demand bids and supply offers submitted by each Market Participant and accepted in the MI-GAS.
- 36.3 For the purposes of the exchange of information referred to in para. 36.2 above, GME and Snam Rete Gas shall use the GJ as the unit of measurement for gas quantities.
- 36.4 To convert the quantities expressed in MWh into GJ and vice versa, GME shall use a conversion factor of 3.6 GJ/MWh.
- 36.5 After receiving the data referred to in para. 36.2 above, Snam Rete Gas shall make the registrations at the PSV.

SECTION III
EMERGENCY PROCEDURE AND SUSPENSION OF THE MGAS

Article 37
Emergency Procedure

- 37.1 Emergency conditions shall be the following:
a) the case where GME is unable to receive the bids/offers submitted by Market Participants according to the modalities referred to in Articles 25, 28 and 33 above, due to malfunctioning of its telecommunications systems;

- b) the case where GME is unable to determine the results of a market session owing to, among others, malfunctioning of its information system;
- c) the case where GME is unable to communicate the results of a market session to Market Participants owing to, among others, malfunctioning of its information system or telecommunication systems.

- 37.2 If the case referred to in para. 37.1 a) above occurs, GME shall - in accordance with the modalities stated in the Technical Rules - notify Market Participants and Snam Rete Gas of the occurrence of the emergency condition and of the new closing time of the MGP-GAS auction-trading sitting, or of the new opening time of the MGP-GAS and MI-GAS continuous-trading session. If, by the new closing time of the MGP-GAS auction-trading sitting, or by the new opening time of the MGP-GAS and MI-GAS continuous-trading session, the emergency condition persists, GME shall temporarily suspend transactions in the market.
- 37.3 If the cases referred to in para. 37.1 b) and c) above occur, GME shall - in accordance with the modalities stated in the Technical rules - suspend transactions in the MGAS and notify Snam Rete Gas and Market Participants of the occurrence of the emergency condition.

Article 38
Suspension of the MGAS

- 38.1 Upon emergency conditions in the gas system, i.e. shortages or unavailability of gas, or under exceptional conditions identified in the Network Code or other documents published by Snam Rete Gas, GME may - at the request of Snam Rete Gas - suspend the MGAS.
- 38.2 GME shall notify the Ministry of Economic Development and AEEG of all the cases of suspension of the MGAS.

TITLE IV
BILLING AND INVOICING OF PAYABLES AND RECEIVABLES

SECTION I
BILLING OF PAYABLES AND RECEIVABLES

Article 39
Billing of Accepted Bids/Offers

39.1 At the end of each of the markets making up the MGAS, GME shall determine the payables and receivables pertaining to each accepted bid/offer. In particular, GME shall determine the values of:

- a) the bids/offers accepted in the MGP-GAS under Articles 27 and 30 above;
- b) the bids/offers accepted in the MI-GAS under Article 35 above.

- 39.2 At the end of each of the markets making up the MGAS, GME shall determine, for each gas-day and each Market Participant:
- a) the sum of payables (increased by VAT, where applicable) for all bids/offers accepted in the MGP-GAS and the MI-GAS;
 - b) the sum of receivables (increased by VAT, where applicable) for all bids/offers accepted in the MGP-GAS and the MI-GAS.

SECTION II INVOICING OF PAYABLES AND RECEIVABLES

Article 40 Invoicing Period

- 40.1 The invoicing period for the billed payables and receivables resulting from the MGAS shall be specified in the Technical Rules.

Article 41 Invoicing

- 41.1 For each invoicing period, according to the modalities and within the time periods specified in the Technical Rules, GME shall:
- a) issue invoices to each Market Participant in debit towards GME for the amounts specified in Article 39, para. 39.2 a) above, for all the gas-days included in the invoicing period;
 - b) notify each Market Participant in credit towards GME of the amounts referred to in Article 39, para. 39.2 b) above, for all the gas-days included in the invoicing period;
 - c) issue invoices to each Market Participant for the fees due for the MWh traded as per Article 7, para. 7.1 c) above.
- 41.2 Following the notifications referred to in para. 41.1 b) above, Market Participants shall issue invoices for the specified amounts to GME.
- 41.3 The time periods and formalities for the issuing of invoices to GME, as set forth in para. 41.2 above, for the purposes of the clearing referred to in Article 48 below, shall be specified in the Technical Rules.
- 41.4 The invoices and notifications referred to in para. 41.1 above shall be provided to Market Participants by electronic means according to the modalities set forth in the Technical Rules.

Article 42
Invoice Contents

- 42.1 For each gas-day included in the invoicing period and for each of the markets making up the MGAS, the invoices and notifications referred to in Article 41, para. 41.1 above, shall specify at least the following data, where applicable:
- a) the quantities of gas relative to accepted bids/offers;
 - b) the price at which the quantities mentioned in subpara. a) above have been valued;
 - c) the taxes applied;
 - d) the total amount.
- 42.2 The provisions of para. 42.1 above shall not apply to the invoices mentioned in Article 41, para. 41.1 c) above.
- 42.3 The invoices referred to in Article 41, para. 41.1 c) above shall specify at least the following data:
- a) the quantities of gas relative to accepted bids/offers;
 - b) the fees applied for the MWh traded;
 - c) the taxes, where applicable;
 - d) the total amount.

Article 43
Application of Fees for the Services Provided by GME

- 43.1 The access fee, referred to in Article 7, para. 7.1 a) above, shall be invoiced within five days from admission of the applicant to the market and increased by VAT, where applicable.
- 43.2 The yearly fixed fee, referred to in Article 7, para. 7.1 b) above, shall be invoiced, in accordance with the modalities and within the time limits defined in the Technical Rules and increased by VAT, where applicable.

TITLE V
GUARANTEE SYSTEMS, SETTLEMENT OF PAYMENTS AND DEFAULT

SECTION I
GUARANTEE SYSTEMS

Article 44
Treasury Services

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

Article 45
Financial Guarantees of Market Participants

- 45.1 For the purpose of submitting adequate bids/offers into the MGAS, Market Participants shall post financial guarantees in the form of first-demand bank guarantees in the format of *Annex C (Modello di Fideiussione)* hereto. The guarantees shall be issued by banks which are members of the professional association referred to in Article 13 of Legislative Decree no. 385 of 1 September 1993 and which have a long-term rating attributed by at least one of the following companies: Standard & Poor's Rating Services, Moody's Investor Service and Fitch. The rating shall not be lower than BBB- on Standard & Poor's or Fitch's scale or Baa3 on the scale of Moody's Investor Service.
- 45.2 Alternatively to or cumulatively with the guarantees posted in the form of bank guarantees, as per para. 45.1 above, Market Participants may post guarantees in the form of a non-interest bearing cash deposit to be made into the account held by GME with the bank in charge of its treasury services.
- 45.3 In the case of a bank guarantee, if the bank issuing the guarantee is subject to control as per Art. 2359, paras. 1 and 2, of the Italian Civil Code and does not meet the requirements set forth in para. 45.1 above, then the guarantee issued by such bank shall be supported by a statement issued by its controlling company. In such statement, the controlling company, which shall meet the requirements specified in paras. 45.1 above, shall undertake the following obligations:
- a) if a change takes place in the structure of the company and such change is such as to involve the loss of control as per art. 2359, paras. 1 and 2, of the Italian Civil Code, then the company shall timely notify GME thereof;
 - b) if, when receiving a request for redeeming the bank guarantee, the issuing bank is in default or in the position referred to in subpara. a) above, then the company shall guarantee the fulfilment of the obligation undertaken by its controlled company.
- 45.4 If the bank issuing the bank guarantee or the controlling company that has issued the statement mentioned in para. 45.3 above no longer meet one or both of the requirements specified in para. 45.1 above, or if the controlling company loses the control of the bank issuing the bank guarantee as per art. 2359, paras. 1 and 1, of the Italian Civil Code, then the bank guarantees issued by such bank shall remain valid until the end of the time period specified in the Technical Rules.
- 45.5 The bank guarantee and the statement mentioned in para. 45.3 above must be submitted to the bank in charge of treasury services referred to in Article 44 above.
- 45.6 By the end of the working day following the one on which the bank guarantee and the statement mentioned in para. 45.3 above have been submitted, the bank in charge of treasury services shall verify whether the guarantee is complete and conforms to the format attached hereto (*Annex C*), whether it has been issued by a bank meeting the requirements specified in para. 45.1 above and whether the statement issued by the controlling company has the content referred to in paras. 45.3 a) and b) above.

- 45.7 Within the time period specified in para. 45.6 above, the bank in charge of treasury services shall notify the Market Participant and GME of any deficiencies noted upon the verification of the submitted bank guarantee or of the statement mentioned in para. 45.3 above.
- 45.8 If the verification has a positive outcome, the bank in charge of treasury services shall notify GME, within the time period specified in para. 45.6 above, of the amount covered by the bank guarantee and of the start of the period of validity of the guarantee and of the statement mentioned in para. 45.3 above.
- 45.9 The Market Participant may dispute the results of the verification carried out by the bank in charge of treasury services by filing an appeal before the Court of Arbitration mentioned in Article 68 below.
- 45.10 The amount covered by the bank guarantee and by the statement referred to in para. 45.3 above shall be valid and effective only from the second working day following the day on which GME receives the notification referred to in para. 45.8 above.
- 45.11 The amount guaranteed by the non-interest-bearing cash deposit shall be valid and effective only from the second working day following the one on which such deposit has been credited to GME's account with the bank in charge of its treasury services. The deposit shall be deemed to have been credited to GME's bank account on the date and at the time recorded by the information system of the bank in charge of GME's treasury services.

Article 46 **Amount of the Guarantee**

- 49.1 The amount of the guarantee (whether a bank guarantee or a non-interest-bearing cash deposit) taken into consideration for the adequacy verification - as per Articles 26, 29 and 34 above and the provisions of Article 47 below - shall be determined by the Market Participant on the basis of the bids/offers that he/she wishes to submit into the MGAS.
- 46.2 The Market Participant that has posted bank guarantees may at any time request the modification of the guaranteed amount, by submitting an updating letter in the format of *Annex D (Modello di Lettera di Aggiornamento della Fideiussione)* hereto or a new bank guarantee to the bank in charge of treasury services.
- 46.3 By the end of the working day following the one of presentation of the letter updating the bank guarantee, the bank in charge of treasury services shall verify whether the letter conforms to the specified format (*Annex D*).
- 46.4 Within the time limit specified in para. 46.3 above, the bank in charge of treasury services shall notify the Market Participant and GME of any deficiencies noted upon the verification of the submitted updating letter.

- 46.5 If the verification has a positive outcome, the bank in charge of treasury services shall notify GME, within the time limit referred to in para. 46.3 above, of the new guaranteed amount and of the date from which the new value shall apply.
- 46.6 The new bank guarantee shall be verified according to the provisions contained in Article 45 above.
- 46.7 Except as provided in para. 46.8 below, the modification of the guaranteed amount shall take effect from the later of the following dates:
- a) the second working day following the one on which GME receives the notification referred to in para. 46.5 above;
 - b) the date indicated in the notification referred to in para. 46.5 above.
- 46.8 If the request for modification referred to in para. 46.2 above concerns a reduction of the amount guaranteed by the bank guarantee, the acceptance of such request shall be subject to a verification by GME. GME shall verify whether the requesting Market Participant is in debit towards GME. If the Market Participant is not in debit, GME shall notify the Market Participant of the immediate validity of the requested modifications for the purposes of the adequacy verifications.
- 46.9 The Market Participant may at any time request the modification (increase or decrease) of the amount of the guarantee posted in the form of a cash deposit. The Market Participant may ask for refund (even partial) of the deposited amount provided that, by doing so, the Market Participant's position is entirely guaranteed. If the Market Participant requests an increase of the amount of the guarantee, he/she shall deposit the related amount into the account held by GME with the bank in charge of its treasury services. After verifying whether the Market Participant's deposit has been credited to its bank account, GME shall modify the guaranteed amount with validity and effect from the second working day following the one on which such deposit has been credited. The amount so credited shall be deemed to have been received on the date and at the time recorded by the information system of the bank in charge of treasury services.

Article 47
Available Amount of the Guarantee
for Purposes of Adequacy Verification in the MGAS

- 47.1 GME shall verify the technical adequacy of the demand bids submitted into the MGAS with respect to the available amount of the guarantee, in accordance with the modalities and time limits defined in the Technical Rules.
- 47.2 GME shall determine and update the available amount of the guarantee and carry out the technical adequacy verifications under the following principles:
- a) the guaranteed amount of Market Participants is decreased by 3% to cover default interest and penalties applied in case of late payment or redemption of the guarantees;
 - b) the demand bids submitted into the MGP-GAS and the MI-GAS are verified as technically adequate, if the guarantees totally cover the payables arising therefrom.

- 47.3 The amounts referred to in the above paragraphs, which shall be taken into consideration upon the adequacy verification, shall not include the fees specified in Article 7, para. 7.1 above.

SECTION II SETTLEMENT OF PAYMENTS

Article 48 Clearing

- 48.1 For each invoicing period and each Market Participant, GME shall determine the net financial position of debit or credit towards GME, in accordance with the modalities and within the time limits specified in the Technical Rules.
- 51.2 GME shall communicate to each Market Participant, according to the formalities and within the time periods specified in the Technical Rules, the results of the determination of the amounts referred to in para. 48.1 above, which form the basis for making payments according to the provisions and within the time periods specified in Articles 49 and 51 below.

Article 49 Payments from Market Participants to GME

- 49.1 Market Participants qualifying as debtors towards GME as a result of the determinations referred to in Article 51 above shall pay the amounts due (notified by GME under Article 48, para. 48.2 by bank transfer (*bonifici di importo rilevante* - BIR) or equivalent procedures to the bank in charge of GME's treasury services, according to the formalities and within the time periods specified in the Technical Rules.
- 49.2 If the bank in charge of treasury services does not receive the payment of the amount due in accordance with the modalities referred to in para. 49.1 above, Market Participants qualifying as debtors towards GME may pay the amount due by bank transfer (*bonifici di importo rilevante* – BIR) or equivalent procedures to the bank in charge of GME's treasury services, after adding to such amount the default interest (to be determined under the criteria indicated in Article 58 below) and a penalty equal to one per cent of the amount due, according to the provisions and within the time periods specified in the Technical Rules.
- 49.3 If the bank in charge of treasury services does not receive the payment of the amount due in accordance with the modalities set out in para. 49.2 above, GME shall apply the default procedure referred to in Section III below.

Article 50
Payments of Fees

- 50.1 The amounts specified in Article 41, para. 41.1 c) and Article 43 above shall be paid in accordance with the procedures and within the time limits specified in the Technical Rules.

Article 51
Payments from GME to Market Participants

- 51.1 Payments to Market Participants qualifying creditors towards GME as a result of the determinations referred to in Article 48 above shall be made according to the provisions of this Article.
- 51.2 After receiving the payments referred to in Article 49, para. 49.1 above, GME shall make payments to Market Participants qualifying as creditors towards GME after the determinations referred to in Article 48 above, in accordance with the modalities and within the time limits established in the Technical Rules.
- 51.3 After receiving the payments referred to in Article 49, para. 49.2 above, GME shall make payments to Market Participants qualifying as creditors towards GME after the determinations referred to in Article 48 above, in accordance with the modalities and within the time limits established in the Technical Rules.
- 51.4 After receiving the payments referred to in Article 49, para. 49.3 above, GME shall make payments to Market Participants qualifying as creditors towards GME after the determinations referred to in Article 48 above, in accordance with the modalities and within the time limits established in the Technical Rules.
- 51.5 If GME, by its own fault, makes the payments beyond the time limits mentioned in this Article, it shall pay default interest to Market Participants at the rate posted on GME's website.

SECTION III
DEFAULT

Article 52
Cases of Default by the Market Participant

- 52.1 A Participant of the MGAS shall be in default, if he/she has not made the payments to GME in accordance with Article 49, para. 49.2 above.

Article 53
Management of Default

- 56.1 In the cases of default referred to in Article 52 above, GME shall:
a) suspend the Market Participant from the MGAS;

b) redeem the guarantees posted under Section I of this Title.

Article 54
Default by the Bank Issuing the Guarantee

- 54.1 If the guarantee has been posted in the form of a bank guarantee and, after receiving a request for redemption of the bank guarantee, the bank issuing the guarantee fails to make the consequent payment within the time limit indicated therein, the other bank guarantees issued by the same bank shall remain valid until the time limit established in the Technical Rules.
- 54.2 If, after receiving a request for redemption of the bank guarantee, the issuing bank fails to make the consequent payment within the time limit indicated therein, GME shall not accept any new bank guarantees issued by the same bank for the purposes of Article 45 above. If the issuing bank fulfils its guaranteed obligation after the time limit indicated therein, GME may not accept the new bank guarantees issued by the same bank for the purposes of Article 45 above, up to a maximum period of twelve months from the date of the late fulfilment.
- 54.3 In case of default by the issuing bank, the credits of Market Participants towards GME, resulting from the clearing referred to in Article 48 above, shall be proportionately reduced by an overall amount equal to the amount of the unpaid debit. In this case, the Market Participants in credit cannot claim any right or make any claim towards GME for the part of the credit so utilised.
- 54.4 In case of default by the issuing bank, GME shall initiate ordinary judicial action to recover the amounts owed by the defaulting Market Participant or by the issuing bank. Any amounts recovered shall be paid *pro quota* to the Market Participants in credit for the same invoicing period for which the bank guarantee has been redeemed.

Article 55
Default Interest and Penalties

- 55.1 In case of redemption of the guarantees, the amount owed by the Market Participant in debit shall be increased by a penalty equal to one per cent, by default interest as specified in para. 55.2 below, as well as by the related redemption fees, if the guarantee has been posted in the form of a bank guarantee.
- 55.2 The default interest shall be determined by applying the legal interest rate to the amount owed by the Market Participant for a number of days equal to:
- a) the number of days of late payment, if the Market Participant pays within the time limits specified in Article 49, para. 49.2 above;
 - b) the number of days elapsing from the time limit specified in Article 49, para. 49.1 above to the day on which the issuing bank pays the redeemed amount to GME, if the bank guarantee is redeemed.

**TITLE VI
PENALTIES, COMPLAINTS AND DISPUTES**

**SECTION I
BREACHES AND PENALTIES**

***Article 56
Breaches of the Rules and Technical Rules***

- 56.1 The following behaviours shall be considered as breaches of these Rules and of the Technical Rules:
- a) negligence, imprudence and unskilfulness in the use of the systems of communication and submission of bids/offers;
 - b) vexatious use of the complaint procedures defined in Section II below of this Title;
 - c) disclosure to third parties of confidential information related to the Market Participant or other Market Participants, in particular as regards the codes of access to GME's information system, any other data pertaining to such access and the contents of bids/offers submitted by other Market Participants to GME, except in the fulfilment of obligations arising from laws, regulations or decisions of competent authorities;
 - d) any attempt to access restricted sections of GME's information system;
 - e) any use for fraudulent purposes of the systems of communication and submission of bids/offers;
 - f) any other conduct contrary to the common principles of correctness and good faith referred to in Article 3, para. 3.3 above, including the submission of bids/offers or the disclosure of information which might disturb the market or alter its proper operation and/or cause a distortion of the prices and of the results of the same market.

***Article 57
Penalties***

- 57.1 If the breaches referred to in Article 56 above are shown to exist, GME may - respecting the principles of impartiality and equality of treatment and bearing in mind the severity of the breach and its possible recurrence - impose the following penalties on Market Participants on the basis of the scale referred to in Article 58 below:
- a) a private written notice of the violation;
 - b) a public written notice of the violation;
 - c) a financial penalty;
 - d) the suspension of the Market Participant from the market;
 - e) the exclusion of the Market Participant from the market.
- 57.2 In case of suspension or exclusion from the market, the Market Participant involved may - under the supervision of GME - close any transaction still in progress and carry out any other transaction unavoidably connected with the same.

- 57.3 After identifying a breach, GME shall serve a notice to the Market Participant. The notice shall include:
- a) a description of the alleged breach;
 - b) a deadline of at least ten days for the Market Participant to possibly submit pleadings and documents and request a hearing.
- 57.4 If the Market Participant requests a hearing, GME shall set the date of the same and promptly notify the Market Participant thereof. If the Market Participant does not appear at the hearing and the hearing is not postponed to another date for justified reasons, GME shall make a decision on the basis of available evidence.
- 57.5 Based on available evidence, GME shall impose a penalty or dismiss the case within thirty days from the notice specified in para. 57.3 above.
- 57.6 Where the breaches are such as to seriously threaten the proper operation of the market, GME shall, on a precautionary basis, suspend the Market Participant from the market for the period of time necessary to examine the case.
- 57.7 The penalty and the grounds for it or the decision to dismiss the case shall be notified to the Market Participant concerned and a copy of such notification shall be sent to the Ministry of Economic Development.

Article 58
Graduation of Penalties

- 58.1 Where the breaches are due to the fault of the Market Participant, GME may impose the following penalties:
- a) a private written notice of the violation;
 - b) a public written notice of the violation;
 - c) suspension from the market for a minimum period of five days and a maximum period of one month. In case of recurrence of the violation, the suspension from the market shall be of one month.
- 58.2 If the breaches mentioned in para. 58.1 above have caused disturbances to the proper functioning of the market, GME may impose the following penalties:
- a) a public written notice of the violation;
 - b) suspension from the market for a minimum period of one month and a maximum period of one year. In case of recurrence of the violation, the suspension from the market shall be of one year.
- 58.3 If the breaches are due to the intentional wrongdoing of the Market Participant, GME may impose the following penalties:
- a) suspension from the market for a minimum period of six months and a maximum period of eighteen months. In case of recurrence of the violation, the suspension from the market shall be of eighteen months.
 - b) exclusion from the market.

- 58.4 If the breaches mentioned in para. 58.3 above have caused disturbances to the proper functioning of the market, GME may impose the following penalties:
- a) suspension from the market for a minimum period of eighteen months and a maximum period of three years. In case of recurrence of the violation, the suspension from the market shall be of three years.
 - b) exclusion from the market.
- 58.5 As an alternative to the suspension from the market referred to in paras. 58.1 c), 58.2 b), 58.3 a) and 58.4 a), GME may impose a financial penalty of a minimum of twenty thousand/00 Euro and of a maximum of one hundred million/00 Euro.

Article 59
Suspension for Non-Fulfilment of Notification Obligations
and Non-Payment of Fees

- 59.1 Apart from the cases provided for in Articles 53 and 58 above, GME shall suspend the Participant from the market or impose the financial penalty referred to in Article 58, para. 58.5 above in the following cases:
- a) where the Market Participant does not fulfil his/her obligation of notification as per Article 20, para. 20.1 above. The suspension shall have effect until the date on which GME receives said notification;
 - b) where the Market Participant fails to pay the fees specified in Article 7 above, according to the provisions of Article 50 above. The suspension shall have effect until the date on which the Market Participant fulfils such obligation. In case of the recurrence, the Market Participant shall be suspended from the market.
- 59.2 At the request of Snam Rete Gas, GME shall suspend the Market Participant from the market, if the same Market Participant is in default towards Snam Rete Gas.

Article 60
Publication of Penalties

- 60.1 After imposing the penalties referred to in Article 57, para. 57.1 b), c), d) and e) above, GME shall publish the same on its website ten days after serving the relevant notice to the Market Participant concerned, unless the case has been referred to the Court of Arbitration. In this case, GME shall disclose the penalty, together with the award of the Court of Arbitration that has confirmed such penalty, after receiving notice of such award.

Article 61
Challenging Denial of Admission to the MGAS and Penalties

- 61.1 Without prejudice to Article 69 below, the Market Participant may file an appeal with the Court of Arbitration against the denial of admission to the market or the penalties imposed under Article 57, para. 57.1 above. The appeal must be filed - under penalty of lapse - within thirty days from the notification of the denial or of the penalties.

SECTION II
COMPLAINTS

Article 62
Submission Formalities and Minimum Complaint Contents

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

Article 63
**Complaints about Results of Validation
and Technical Adequacy Verification of Bids/Offers**

- 63.1 The Market Participant may dispute the results of the validation and verifications referred to in Articles 26, 29 and 34 above, by sending a notification to GME within 16:00 of the second working day following the one on which such results are notified to the Market Participant.

Article 64
Complaints about Market Results

- 64.1 The Market Participant may dispute the results of each of the markets making up the MGAS, namely the results of the process of acceptance of bids/offers and of determination of the prices at which they are valued, by sending a notification to GME within 16:00 of the second working day following the one on which such results are notified to the Market Participant.

Article 65
Complaints about Billing Procedures

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

Article 66
Complaints about Invoicing Procedures

- 66.1 The Market Participant may dispute the results of the invoicing procedures referred to in Title IV, Section II above, by sending a notification to GME within 16:00 of the second working day following the one on which the invoice or notification referred to in Article 41, para. 41.1 above are issued.
- 66.2 In the case specified in para. 66.1 above, GME shall suspend the payments pertaining to the disputed transactions. Default interest - at the rate indicated in Article 55 above - shall be paid on the amounts payable after complaint resolution.

Article 67
Complaint Resolution

- 67.1 GME shall notify the Market Participant concerned of the outcome of the verifications of the complaints as per Articles 63, 64, 65 and 66 above, by 16:00 of the second working day following the deadline for submission of such complaints.
- 67.2 Where the Market Participant brings a complaint as specified in Articles 63 and 64 above, in respect of a bid/offer that has been deemed to be invalid, technically inadequate or rejected in the MGP-GAS or MI-GAS, and such complaint is upheld because GME is responsible for errors or omissions, and such bid/offer would have been accepted without GME's decision being disputed, then GME shall pay a compensation of a maximum of ten thousand/00 Euro to the Market Participant.
- 67.3 The acceptance of GME's compensation pursuant to para. 67.2 above shall imply the Market Participant's waiver of the dispute resolution procedure mentioned in Section III of this Title.
- 67.4 The limits specified in para. 67.2 above shall apply not only to the complaints indicated therein and to any dispute arising therefrom, but also to the decisions resulting from the arbitration procedures referred to in Articles 68 and 69, para. 69.2 below.
- 67.5 If a complaint brought as specified in Articles 65 and 66 above is upheld, then GME shall make the related adjustments.
- 67.6 The acceptance of a complaint shall not modify the result of the market session to which it refers.

SECTION III DISPUTES

Article 68 Court of Arbitration

- 68.1 Without prejudice to the provisions of Article 69, para. 69.1 below, any dispute arising between GME and Market Participants over the interpretation and application of these Rules and the Technical Rules shall be settled by a Court of Arbitration.
- 68.2 The Court of Arbitration shall be composed of three members: one appointed by GME, one appointed by the Market Participant and a third member, acting as President, appointed jointly by both parties or, in case of disagreement, by the President of the Court of Rome, under Article 810 of the Italian Civil Procedure Code.
- 68.3 The Court of Arbitration shall render its decisions in accordance with the applicable laws and the arbitration procedure shall take place in compliance with Article 806 and subsequent Articles of the Civil Procedure Code.
- 68.4 The Court of Arbitration shall be based in Rome at GME's registered office.

Article 69 Dispute Resolution

- 69.1 In addition to the cases referred to in Article 54, para. 54.4 above, disputes concerning failure to make payments, in full or in part, for the following items shall be subject to the exclusive jurisdiction of Italian judges:
- a) fees referred to in Article 7, para. 7.1;
 - b) amounts referred to in Article 57, para. 57.1 c);
 - c) amount referred to in Article 58, para. 58.5.
- 69.2 Without prejudice to the provisions of para. 69.1 above, at the request of one of the parties concerned, disputes between GME and Market Participants and between Market Participants shall be settled by arbitration in accordance with AEEG's provisions.

**TITLE VII
FINAL PROVISIONS**

***Article 70
Functioning of the Information System***

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



Annex A

Market Participation Application

**Market Participation Application,
under Article 12, para. 12.1 a) of the Gas Market Rules**

I, the undersigned...

(name and surname)

born in... on...,

residing in ...,

(address)

taxpayer's code ..., VAT number ...

telephone number ..., fax number ...

e-mail address ...

or

The company.../other...

(company name or registered name)

having its registered office in ...

(address)

taxpayer's code ..., VAT number ...

telephone number ..., fax number ...

e-mail address ...

represented by ...in his/her capacity of ...

(legal representative or duly authorised person)

WHEREAS

- the organisation, management and operation of the Gas Market are governed by the Gas Market Rules (hereafter the "Rules"), approved by the Ministry of Economic Development, after hearing the opinion of *Autorità per l'energia elettrica e il gas* (AEEG – the electricity & gas regulator), on 2010;
- the Technical Rules, referred to in Article 4 of the Rules, are posted on GME's website and enter into force upon the date of their publication;
- with a view to complying with the obligations arising from this Application and, if such Application is accepted, with the obligations arising from the Rules, GME shall - under Legislative Decree no. 196 of 30 June 2003, as subsequently amended and supplemented - process the Applicant's personal data with a secure electronic system protecting the privacy of such data, in accordance with the privacy statement issued under Article 13 of the aforementioned Decree and posted on GME's website.

NOW, THEREFORE,

I, the undersigned...

or

the company ... /*other...*,

represented by...in his/her capacity of ...,

(legal representative or duly authorised person)

APPLY/APPLIES

for admission to the Gas Market under Article 12 of the Rules and the procedure referred to in Article 14 thereof.

For this purpose, I/the company ... /*other...* enclose/s the documents mentioned in Article 13 of the Rules, which shall be an integral part hereof, as well as a signed copy of the Market Participation Agreement referred to in Article 12, 12.1 b) of the Rules, in the format annexed thereto.

I, the undersigned...

or

The company/*other ...*

represented by ... in his/her capacity of ...

(legal representative or duly authorised person)

- 1) declare/s that I/it have/has read and understood the Rules and the Technical Rules and that I/it accept/s to be bound thereby without any condition or reservation;
- 2) declare/s that I/it am/is proficient in the use of ICT systems and related security systems or that I/it rely/relies on ICT-proficient employees or assistants;
- 3) authorise/s GME to process my/its personal data and disclose them to third parties, in compliance with the applicable legislation;
- 4) also authorise/s GME to transfer my/its personal data, including for statistical purposes, to other parties providing the services required for the performance of GME's activities;
- 5) designate/s Mr./Mrs..., whose contact data are as contact person for communications, if any;
- 6) designate/s the following party/parties to access GME's information system on behalf of the Applicant:

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

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

Place and date

...

Signature

....



Annex B

Market Participation Agreement

**Market Participation Agreement,
under Article 12, para. 12.1 b) of the Gas Market Rules**

BETWEEN

Gestore dei Mercati Energetici S.p.A., with registered office in Rome, Largo Giuseppe Tartini, 3-4, taxpayer's code and VAT number 06208031002 (hereafter GME),

AND

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

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

WHEREAS

- A. GME is the company (*Società per Azioni*) which was set up in accordance with Article 5, para. 1 of Legislative Decree no. 79 of 16 March 1999 and which is vested, among others, with the economic management of the natural Gas Market (hereafter the "Market") on an exclusive basis under Article 30, para. 1 of Law no. 99 of 23 July 2009 (hereafter "Law 99/09"), as well as with the management of the Gas Trading Platform under the Decree of the Minister of Economic Development of 18 March 2010;
- B. GME prepared the natural Gas Market Rules (hereafter the "Rules"), approved by the Ministry of Economic Development, after hearing the opinion of *Autorità per l'energia elettrica e il gas* (AEEG, the electricity & gas regulator), on 2010;
- C. *Snam Rete Gas S.p.A.* (hereafter "SNAM") is the company (*Società per Azioni*) which was set up on 15 November 2000, which carries out the activities of transmission and dispatching of natural gas and which organises and manages the PSV system under AEEG's Decision 22/04, as subsequently amended and supplemented;
- D. pursuant to Article 12, para. 12.1 b) of the Rules, a party intending to participate in the market shall submit to GME a signed copy of the *Contratto di adesione al mercato* (Market Participation Agreement, hereafter the "Agreement");
- E. the Technical Rules referred to in Article 4 of the Rules shall be published on the website of GME and have effect as of the date of their publication;
- F. for the purposes and effects of the Rules, GME shall be the counterparty of Market Participants;

- G. for the purposes and effects of Article 31, para. 31.5 and Article 36, para. 36.2 of the Rules, GME shall transmit to SNAM the data required for registering, within the PSV system, the gas quantities corresponding to the algebraic sum of the demand bids and supply offers submitted by each Market Participant and accepted in the Market.

NOW, THEREFORE,

the Parties agree as follows:

Article 1
Scope of the Agreement and Validity of the Whereas

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

Article 2
Obligations of the Contracting Party

- 2.1 The Contracting Party declares that he/she is aware of and accepts, without condition or reservation, the Rules, as they result from the applicable legislation. The Contracting Party also declares that he/she fully understands GME's information system (hereafter the "System") in its present configuration or that, in any case, he/she undertakes to do so.
- 2.2 The Contracting Party undertakes:
- a) to comply with the Rules and the Technical Rules and to keep himself/herself updated with any amendments thereto. It is understood that, where the Contracting Party does not intend to accept any amendments and additions to the Rules or to the Technical Rules, he/she may withdraw herefrom, giving notice according to the procedures and to the address specified in Article 9, paras. 9.6 and 9.7 below. Fifteen days after the legal publication of such amendments, if the Contracting Party has not given notice of his/her intent to withdraw herefrom, such amendments shall be assumed to have been tacitly accepted. Any further transaction carried out in the Market before the end of the above period shall be understood as tacit acceptance of the new terms and conditions. In no case may such amendments constitute a valid reason for the Contracting Party to default on obligations acquired in the Market;

- b) to adopt technological systems that are suitable for the trading activity and compatible with the System, as well as to update them as a result of any modification as GME may make to the same System;
- c) to adopt technological systems suitable for issuing invoices for the transactions made in the Market, compatible with the System and ensuring a correct, timely and secure exchange of the data and information transmitted electronically, under the procedures and within the time limits specified in the Rules in the Technical Rules;
- d) to employ staff with adequate professional skills and competence in the use of the technological systems referred to in subparas. b) and c) above
- e) to join the service of settlement of payments and the guarantee systems referred to in Title V of the Rules;
- f) to comply with Articles 26, para. 26.4, and 34, para. 34.4 of the Rules and, as a consequence, to acknowledge and accept that, if the verifications made under Articles 26, para. 26.3, and 34, para. 34.3 of the Rules are not satisfactory, GME shall: i) reject the bids/offers - contained in the continuous-trading order book of the MGP-GAS or MI-GAS but not yet matched - of the Market Participant whose PSV authorisation has not been confirmed by Snam Rete Gas and satisfactorily verified by GME; ii) cancel all the transactions - resulting from the bids/offers entered and matched during the continuous-trading session of the MGP-GAS or MI-GAS - of the Market Participant whose PSV authorisation has not been confirmed by Snam Rete Gas and satisfactorily verified by GME; iii) cancel the transactions of the other Market Participants which have been matched during the continuous-trading session of the MGP-GAS or MI-GAS with those of the Market Participant whose PSV authorisation has not been confirmed by Snam Rete Gas and satisfactorily verified by GME. In these cases, to the Market Participant whose PSV authorisation has not been satisfactorily verified by GME, GME shall apply - under Article 26, para. 26.6 and article 34, para. 34.6 of the Rules, respectively - a penalty whose amount shall be twice the amount of the fee referred to in Article 7, para. 7.1 c) of the Rules, applied to the quantities covered by the bids/offers which have been submitted and subsequently rejected or matched and subsequently cancelled. To the Market Participants whose transactions have been cancelled because they have been matched with those of the Market Participant whose PSV authorisation has not been satisfactorily verified, GME shall - under article 26, para. 26.7 and article 34, para. 34.7 of the Rules, respectively - pay, as a compensation, an amount equal to twice the amount of the fee referred to in article 7, para. 7.1 c) of the Rules, applied to the quantities covered by the cancelled transactions;
- g) to authorise GME - under Article 31, para. 31.5 and Article 36, para. 36.2 of the Rules - to transmit to SNAM all the data that SNAM requires to register, within the PSV system, the gas

quantities corresponding to the algebraic sum of the demand bids and supply offers submitted by the Contracting Party and accepted in the Market;

- h) to notify GME timely and, where possible, in good time for GME to make any necessary corrective actions for the purpose of ensuring the proper operation of the Market, of any problem or operational malfunction of a technical nature or any other event which has resulted or might result in the failure to provide or incorrect provision of the Services. In particular, the Contracting Party shall notify GME with the maximum speed and according to the procedures specified in Article 9, paras. 9.6 and 9.7 below, of the occurrence of any event potentially dangerous for the integrity and security of the System (including but not limited to the theft of confidential documents regarding access to the System or unauthorised access to the Contracting Party's premises where such documents are kept);
- i) to co-operate with GME or with the third parties designated by GME, also permitting access of their employees or assistants to the Contracting Party's premises for carrying out any operations on the Contracting Party's hardware and software as may be necessary to ensure the proper functioning of the Market. It is understood that, pursuant to Article 2049 of the Italian Civil Code, GME shall be liable for any damages caused upon such operations;
- j) to respect GME's rights of ownership on the data transmitted through the System and on the trademarks registered or used by GME, as well as GME's or third-party suppliers' rights of ownership on the software programmes used for the provision of the Services;
- k) to maintain confidentiality and privacy as regards the devices referred to in Article 4, para. 4.1 below and use or permit their use by specifically designated parties solely for access to and trading in the Market. The Contracting Party shall thus be liable for any unauthorised access to the Market by third parties and hold GME harmless against any damage or danger to the integrity or security of the System that may result from the negligence of the Contracting Party or of his/her staff in the safekeeping of such devices;
- l) to timely ask GME to disable the devices referred to in subpara. k) above and to assign new or different devices in all cases where the Contracting Party has reason to believe that unauthorised parties may make an improper use thereof;
- m) to hold GME harmless against any damage or cost as GME may incur, also as a result of actions of third parties, caused by the actions or conduct of the Contracting Party, as well as of his/her staff members, assistants or consultants, if any, in violation of this Agreement, of the Rules and of the Technical Rules and of any other legislative provisions or regulations, or instruments and provisions issued by GME or competent authorities.

Article 3
GME's Services

- 3.1 The Services shall be supplied by GME to the Contracting Party in compliance with this Agreement, the Rules and the Technical Rules. The obligations of GME as regards the supply of the Services shall constitute "obligations of means".
- 3.2 GME shall give the Contracting Party the necessary co-operation for access to the System, namely in accordance with what is specified in the Technical Rules. It is understood that the carrying out of activities and the provision of the necessary means of access shall be the exclusive responsibility and at the sole expense of the Contracting Party.
- 3.3 GME may modify the technical, functional, operational and administrative procedures for the supply of the Services, as a result of amendments to the Rules or Technical Rules.
- 3.4 Without prejudice to what is provided for in the Rules and Technical Rules, if the supply of the Services is interrupted, suspended, delayed or subject to malfunctions caused by technical problems with the System, GME shall do whatever is necessary to overcome such disservices. It is understood that, if the aforesaid events result from technical problems with the hardware or software used by the Contracting Party to access the System, the Contracting Party shall eliminate the relative causes with the maximum speed. GME and the Contracting Party shall co-operate, within the scope of their responsibilities, to identify the causes of interruptions, suspensions, delays or malfunctions and to restore the proper operation of the System as soon as possible.
- 3.5 GME shall be responsible for the correct processing and transmission of data and information entered by third parties into the System or arising in the Market. GME and the Contracting Party agree that GME's obligations shall not include the checking of the truthfulness, accuracy and completeness of data and information provided by third parties and made available to the Contracting Party as part of the provision of the Services.
- 3.6 GME and the Contracting Party agree that GME is not responsible for non-functioning or malfunctioning of lines of communication (for example, telephone lines), as well as of access to the Internet.
- 3.7 The Contracting Party agrees that GME may make resort to third parties designated by GME for the supply of the Services, while it is understood that, in every case, the contractual relationship shall be exclusively between the Contracting Party and GME.
- 3.8 GME undertakes to respect the Contracting Party's rights of ownership on the data transmitted through the System and on the trademarks registered or used by the Contracting Party and made known to GME.

- 3.9 GME shall hold the Contracting Party harmless against any damage or cost as the Contracting Party may incur also as a result of actions of third parties caused by the actions or conduct of GME or of its staff members, assistants or consultants in the management and supply of the Services which are in violation of this Agreement, the Rules or Technical Rules, as well as of any other legislative provision or regulation applicable hereto.

Article 4
Access to the System

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

Article 5
Consideration

- 5.1 For the Services supplied in accordance herewith, the Contracting Party shall pay the fees determined by GME under Article 7 of the Rules in accordance with the procedures and within the time limits referred to in Article 50 thereof.
- 5.2 Where the System is totally disabled and prevents the Contracting Party from carrying out transactions in the Market, the fees referred to in para. 5.1 above shall be reduced proportionally to the period in which such disabling has occurred.

Article 6
Limitation of liability, force majeure and fortuitous events

- 6.1 Without prejudice to what is provided in the Rules, GME shall, in carrying out the Services, be liable for damages of a contractual and extra-contractual nature, exclusively when they constitute the immediate and direct consequence of wilful misconduct or gross negligence and, in the latter case, are predictable upon the date of the signing hereof. The Parties agree that there shall be no obligation of compensation for damages that are an indirect or unpredictable consequence of the conduct of GME, including but not limited to damages resulting from the loss of business opportunities, customers or profits.
- 6.2 The Contracting Party shall notify GME - under penalty of lapse - of any claim for damages relating to the supply of the Services within and not later than fifteen working days from the day on which the Contracting Party has come to know or should have known, using proper diligence, of the

occurrence of the damaging event, providing at the same time a detailed report of the circumstances of the damaging event and of the damages so produced. The relative documents in support of the claim shall be transmitted to GME within and not later than twenty working days from the day on which the Contracting Party has come to know or should have known, using proper diligence, of the occurrence of the damaging event.

- 6.3 GME and the Contracting Party shall not be liable for default due to force majeure, fortuitous cases, or events beyond their control, including but not limited to wars, uprisings, earthquakes, floods, fires, strikes, interruptions in electricity supply or in the operation of the dedicated data transmission lines which are part of the System, when such interruptions are exclusively the fault of third parties.
- 6.4 GME may, in cases of force majeure or fortuitous events and, in general, in all cases where the activities of the Contracting Party may damage the integrity or security of the System, suspend access to the System without the necessity of prior notification of the circumstances giving rise to the suspension.

Article 7

Duration

- 7.1 This Agreement shall be executed by and upon the signature of the Contracting Party and its duration shall be unlimited. The Agreement shall have effect after GME has successfully verified the completeness and correctness of the documents submitted by the Contracting Party and the fulfilment of the requirements for admission of the Contracting Party to the Market. GME shall notify the Contracting Party of the outcome of the above verifications as per Article 14 of the Rules.
- 7.2 This Agreement will cease to have effect upon the occurrence of one of the following events:
- a) exclusion of the Contracting Party from the Market;
 - b) total disabling of the System as a result of amendments to the applicable provisions;
 - c) Contracting Party's withdrawal herefrom.
- 7.3 The dissolution of the Agreement under this Article shall not impair any other right of either party under the Agreement or the applicable legislation, and any right or obligation of either party that has already arisen upon the date of dissolution.

Article 8

Termination

- 8.1 Any loss for whatever reason of the status of Market Participant, as acquired in accordance with Article 14 of the Rules, shall constitute reason for *de jure* termination of this Agreement pursuant to Article 1456 of the Italian Civil Code, without prejudice to the right of GME to withhold the fixed fee

specified in Article 7, para. 7.1 b) of the Rules by way of indemnity and any other further right to compensation for any additional damages.

Article 9 **General Clauses**

- 9.1 The invalidity or nullity of one or more of the clauses of this Agreement shall not impair the validity of the remaining clauses, which shall retain in every case their full force and effect.
- 9.2 This Agreement and the rights and obligations for the Parties resulting herefrom shall not be assigned to third parties unless otherwise specified herein.
- 9.3 Without prejudice to the provisions of Article 6, para. 6.2 above, failure or delay by either Party to exercise the rights arising herefrom shall not represent a waiver of such rights.
- 9.4 Any amendment hereto shall be made in writing.
- 9.5 For the purposes of this Agreement, the Parties elect domicile at the following addresses:
- Gestore dei Mercati Energetici S.p.A., Largo Giuseppe Tartini 3-4 - 00198 Roma,
 - ...
(address)
- 9.5 Every communication or notification to be made in accordance herewith shall be made in writing and delivered by hand, by courier or sent by registered letter with return receipt, by fax or by e-mail with acknowledgment of receipt, to the following addresses:
- Gestore dei Mercati Energetici S.p.A., Largo Giuseppe Tartini 3-4 - 00198 Roma,
fax number +39 06 8012 4524; e-mail address info@mercatoelettrico.org;
 - ...
(address)
fax number ..., e-mail address ...
- 9.6 Communications shall be deemed to have been received upon the date of signature of their receipt of delivery, if delivered by hand, or when they reach the receiver's address, if sent by registered letter with return receipt, or upon the date of receipt recorded by the fax machine if sent by fax, or upon the date of receipt of the acknowledgement of receipt, if sent by e-mail.

Article 10 **Governing law**

- 10.1 This Agreement shall be governed by the Italian law.

Article 11
Disputes

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

the Contracting Party

.....

For the purposes and effects of Articles 1341 and 1342 of the Italian Civil Code, I hereby specifically approve the following clauses of the Agreement: Article 2.2 (a) (Rules, Technical Rules and Amendments thereto); Article 2.2 (f) (Rejection of bids/offers, cancellation of transactions and penalty); Article 2.2 (g) (Authorisation for Transmission of Data); Article 2.2 (l) (Disclaimer); Articles 3.5 and 3.6 (Limitation of Liability); Article 6 (Limitation of Liability, Lapse, Suspension of the Service); Article 7 (Cease of Effect of the Agreement); Article 8 (Termination); Article 9.2 (No Assignment); Article 10 (Governing law); Article 11 (Disputes).

The Contracting Party

....

Rome, *(date)*



Annex C

Bank Guarantee

Bank Guarantee
under Article 45, para. 45.1 of the Gas Market Rules

Gestore dei Mercati Energetici S.p.A
Largo Giuseppe Tartini, 3/4
00198 Roma

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

Bank guarantee (ref. no. ...)

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

WHEREAS

... (surname and name/company name or registered name), ... (date and place of birth), ... (place of residence and, if different, domicile/registered office)

taxpayer's code.....,VAT number ...

capital stock Euro ..., of which ... (subscribed), of which ... (paid-up), registered with (hereafter the "Market Participant" or "Applicant"), is a Gas Market Participant included in the Register of Market Participants pursuant to Article 16 of the Gas Market Rules (hereafter the "Rules") approved by the Ministry of Economic Development, after hearing the opinion of *Autorità per l'energia elettrica e il gas* (AEEG, the electricity & gas regulator), on In accordance with Article 12, para. 12.1 b) of the Rules, the Market Participant has signed the Market Participation Agreement, in the format attached to the aforesaid Rules, on ...*(date)*. As a result, the Market Participant has acquired all the financial obligations towards *Gestore dei Mercati Energetici S.p.A.* (hereafter "GME") arising in the Gas Market (hereafter the "Market");

- as per Article 45, para. 45.1 of the Rules, for the purpose of submitting adequate bids/offers into the Market, Market Participants may post a bank guarantee issued by banks meeting the requirements specified in the same Article 45, para. 45.1;
- the above-mentioned bank guarantee shall be submitted to the bank in charge of GME's treasury services (as set forth in Article 44 of the Rules), which shall verify the bank guarantee;
- the Market Participant has submitted a formal request for the above-mentioned bank guarantee for a maximum amount of Euro ... to cover all prior and future obligations towards GME in connection with

his/her participation in the Market, in whatever form (including accessory obligations), except those arising from failure to pay the fees referred to in Article 7, para. 7.1 of the Rules (hereafter “prior and future obligations”).

- “prior obligations” shall mean all those obligations - even if they are not yet liquid and/or payable - that have already been acquired at the time of effect of this bank guarantee; “future obligations” shall mean all those obligations acquired after such time.

NOW, THEREFORE,

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

Article 1
(Validity and effect of the bank guarantee)

The bank guarantee shall be valid and effective from ... and not subject to any condition, unless the verification conducted by the bank in charge of the treasury services under Article 45, para. 45.6 of the Rules has had a negative outcome.

Article 2
(Waiver of preventative redemption)

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

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

The Bank agrees and declares that, as the obligations mentioned in Article 2 above arise from participation in the Market, they do not involve GME’s prior assessment of the Market Participant’s credit worthiness, notwithstanding that this letter also represents a special authorisation granted by the Bank to GME for the purposes and effects of Article 1956 of the Italian Civil Code.

Article 4
(Substitution in the bank guarantee contract during the transitional period)

If GME is guaranteed by other guarantees that the Market Participant has previously posted in favour of GME to cover obligations acquired in the Market, then this bank guarantee may substitute the previous guarantees, provided that: i) the guarantee is posted for an amount at least equal to the amount of the “prior obligations”; and ii) the Market Participant submits an appropriate application to GME and to the bank in

charge of treasury services upon the submission of this bank guarantee. The substitution shall relieve the previous bank guarantee issuer of its obligations.

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

Article 5

(Extension of the Bank’s liability)

Without prejudice to the provisions of Article 1 above, where the Bank loses one of the qualifications required by the applicable legislation and by the Rules for issuing and maintaining the bank guarantees referred to in Article 45 of the Rules, the Bank shall continue to be liable for all the obligations acquired by the Market Participant until that time and until the same Participant replaces this bank guarantee with another appropriate guarantee.

Article 6

(First-demand payment)

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

Article 7

(Modalities of payment by the Bank)

After receiving the request referred to in Article 6 above, to be sent by registered letter with return receipt, preceded by a fax to fax no... or by e-mail with acknowledgement of receipt, the Bank shall pay the amount in Euro indicated in the request for payment within ten days from the date of receipt of the registered letter with return receipt and with value date on the same day, by means of bank transfer (“bonifico di importo rilevante” - BIR) or equivalent procedures. Where the date of payment falls on a holiday, the deadline shall be postponed to the following first working day.

Article 8

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

The Bank hereby explicitly relieves GME of the obligation to act in accordance with the provisions of Article 1957 of the Italian Civil Code, notwithstanding that, by way of derogation from such Article, the Bank shall remain bound by its obligations, even if GME has not submitted a request to the Market Participant or has not diligently persisted in such request.

Article 9
(Partial redemption)

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

Article 10
(Autonomy of the bank guarantee)

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

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

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

Article 12
(Waiver of claims or actions)

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

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

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

Article 14
(Waiver of the bank guarantee by GME)

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

Article 15
(Unilateral withdrawal by the Bank)

The Bank may withdraw from this bank guarantee, by notifying GME and the bank in charge of GME's treasury services thereof by registered letter with return receipt. The withdrawal from the bank guarantee

shall have effect and the bank guarantee shall cease ten days after receipt of the notification by GME.

Article 16
(Effects of withdrawal)

GME shall notify the Bank of the amount of obligations, even if they are not yet liquid and/or payable, contracted until the time of effect of the withdrawal, specifying the related reference period.

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

Article 17
(Notifications)

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

.... (*surname and name/company name or registered name*), ...(*address*)

e-mail address ... fax number

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

Article 18
(Jurisdiction)

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

Registered Name of the Bank
Signatures of its Proxy Holders

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

The Bank

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



Annex D

Updating of the Bank Guarantee

**Letter for Updating the Amount of Bank Guarantees
under Article 46, para 46.2, of the Gas Market Rules**

Gestore dei Mercati Energetici S.p.A
Largo Giuseppe Tartini, 3/4
00198 Roma

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

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

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

GRANTS

to ...(*Market Participant*)

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

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

Registered Name of the Bank
Signatures of its Proxy Holders

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



Annex E

Determination of the Results of Auction Trading in the MGP-GAS

**Determination of the results of auction trading in the MGP-GAS
under article 30 of the Gas Market Rules**

Under Article 30 of the Gas Market Rules, at the end of each auction sitting of the MGP-GAS, GME shall identify the accepted bids/offers and the corresponding price of valuing in such a way that:

- a) the net value of the resulting transactions is maximum, provided that the quantity of gas specified in the accepted supply offers is equal to the quantity of gas specified in the accepted demand bids;
- b) the price of valuing of the gas is equal to the least cost, determined on the basis of demand bids and supply offers which have been deemed to be valid and technically adequate;
- c) only supply offers whose price does not exceed the price referred to in subpara. b) above are accepted;
- d) only demand bids whose price is not lower than the price referred to in subpara. b) above are accepted.

The following graphs show the clearing volumes and the clearing prices identified in the different cases of intersection between the aggregate demand curve and supply curve.

If the demand curve and supply curve intersect in a single point, as shown in Figures 1 and 2, the price of valuing (P^* - clearing price) and the clearing volume (Q^*) are uniquely identified by such point of intersection between the demand and supply curves. The accepted supply offers are those whose offered price does not exceed P^* ; the accepted demand bids are those whose offered price is not lower than P^* .

Figure 1 – Clearing price and volume

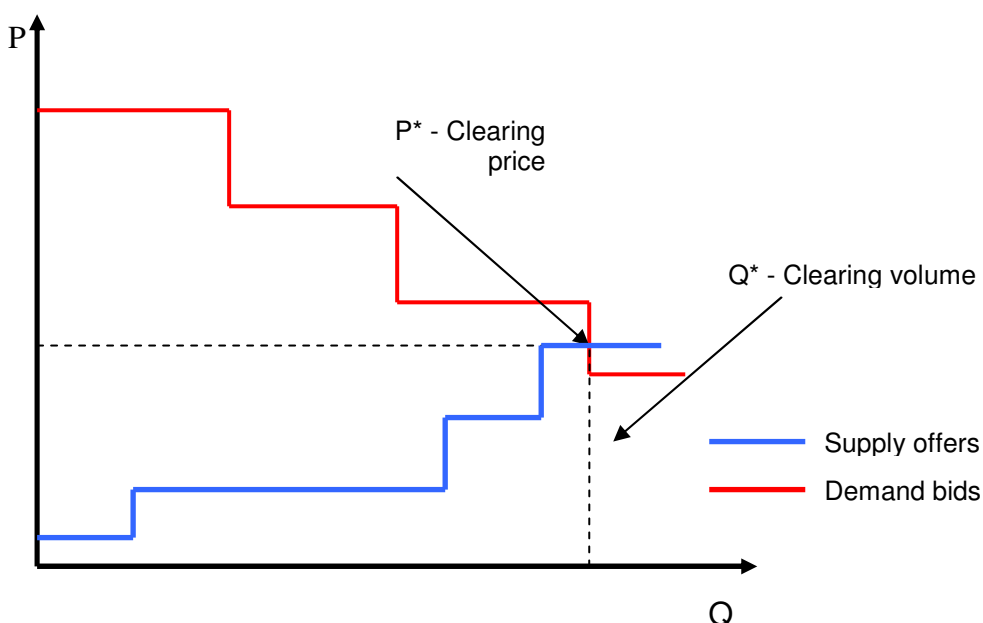
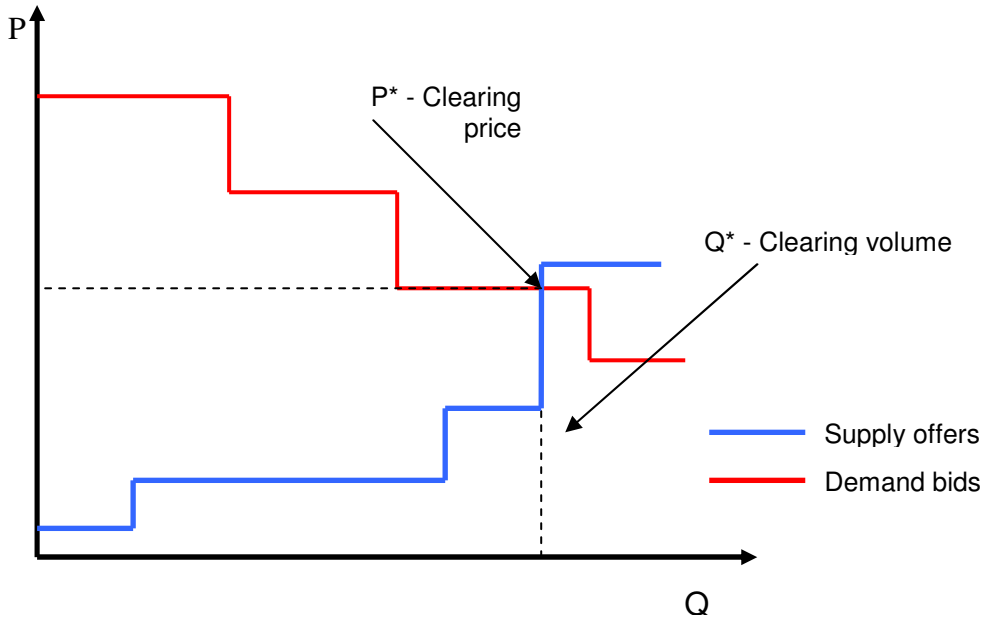


Figure 2- Clearing price and volume



If the supply and demand curves intersect along a vertical segment of both curves, as shown in Figures 3, 4 and 5, the clearing volume (Q^*) is uniquely identified by such vertical segment, along which the two curves overlap. The price of valuing (P^* - clearing price), identified by applying the least cost criterion, is equal to the lowest value of the price range of the vertical segment where the supply and demand curves overlap.

Figure 3 – Clearing price and volume

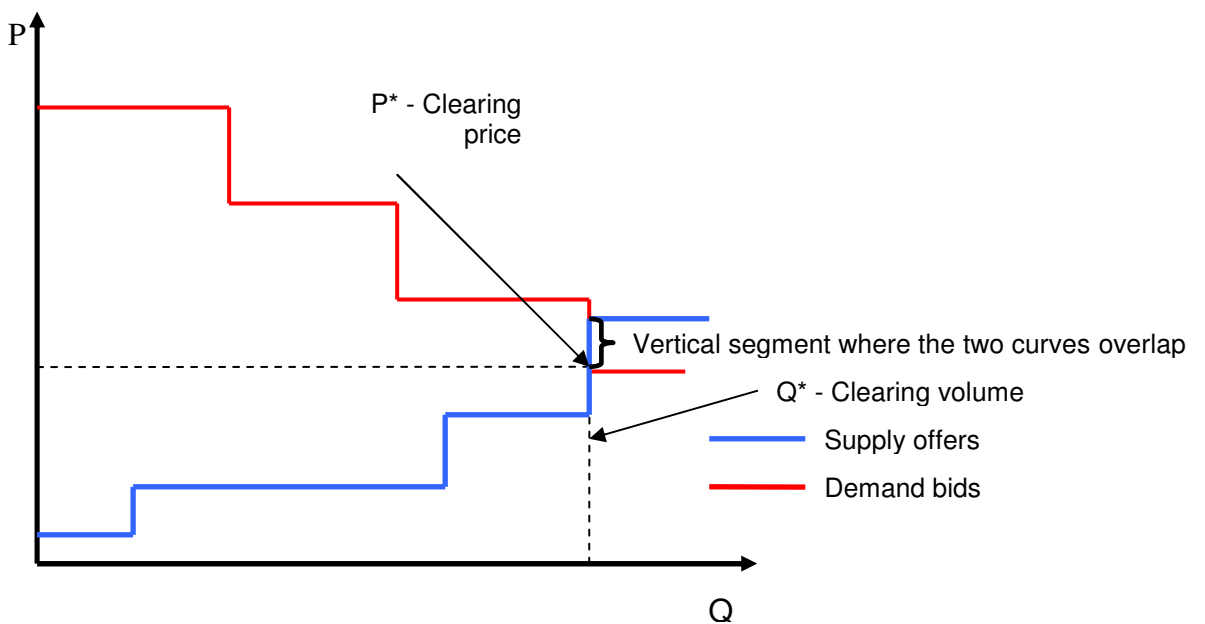


Figure 4 – Clearing price and volume

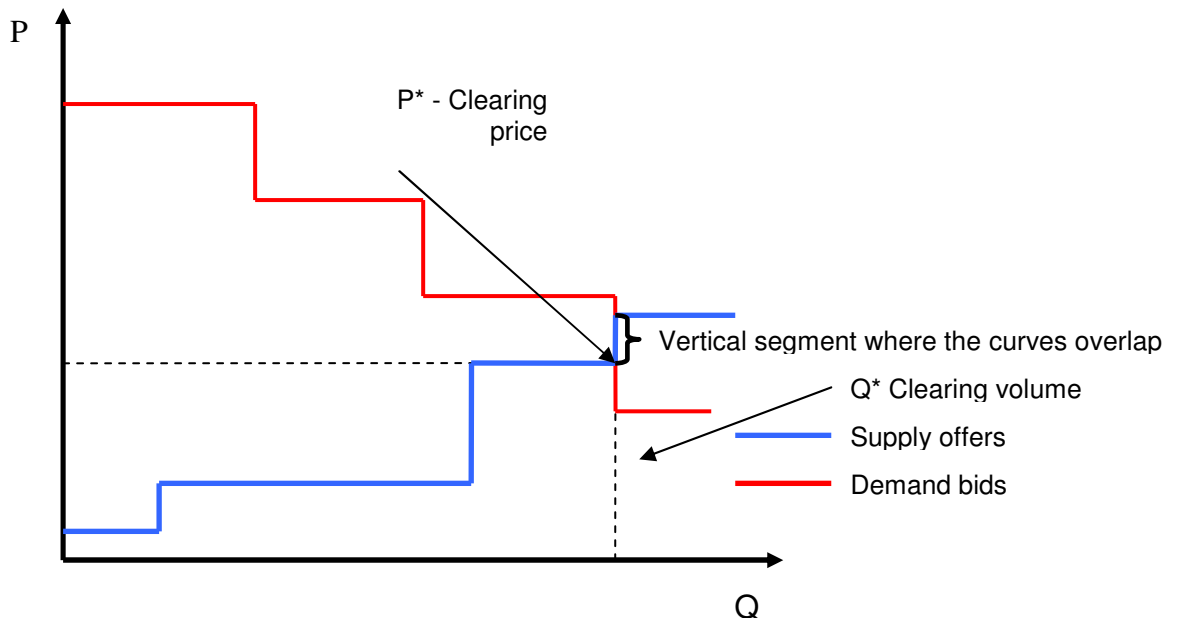
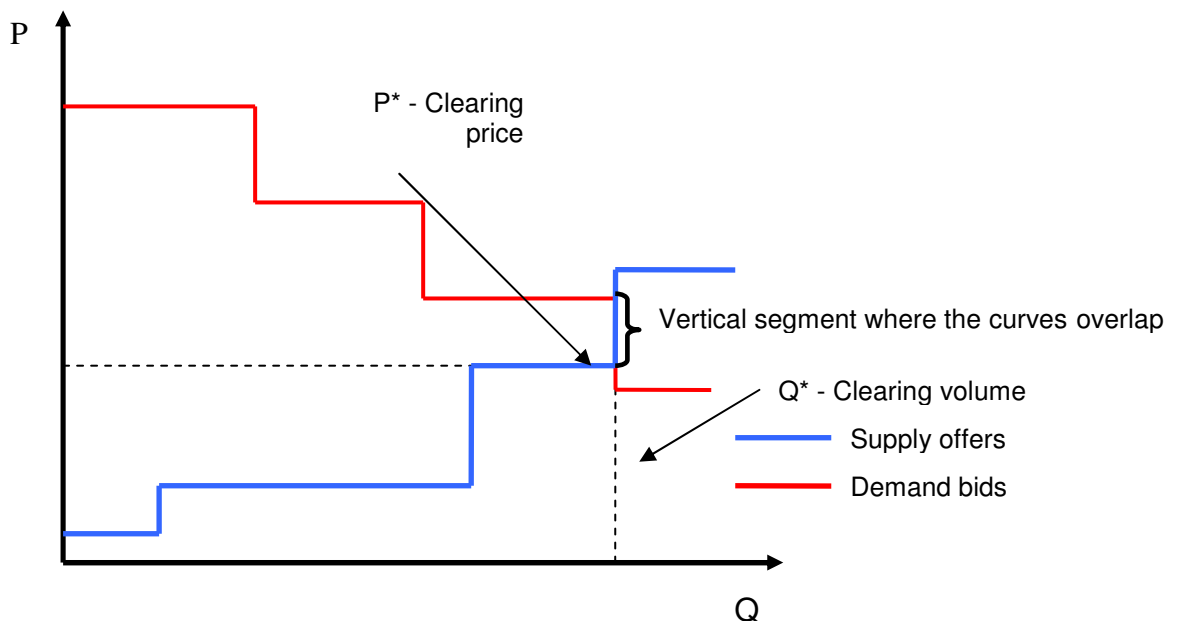


Figure 5 - Clearing price and volume



If the supply and demand curves intersect in the horizontal segment of both curves, as shown in Figure 6, the price of valuing (P^* - clearing price) is uniquely identified by such horizontal section, along which the two

curves overlap. The clearing volume (Q^*), identified by applying the criterion of maximisation of the net value of transactions, is equal to the highest value of the volume range of the horizontal segment where the supply and demand curves overlap.

Figure 6 – Clearing price and volume

