



GME'S EMISSIONS TRADING MARKET RULES (*)
updated as of 1 December 2010

(*) This is an unofficial translation. In the event of any discrepancy between the English text and the Italian original, the latter shall prevail.

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TITLE I
GENERAL PROVISIONS

Article 1

Text and Annexes

1.1 These Rules (hereafter referred to as the “Rules”) and their Annexes, which are an integral part hereof, govern the operation of the market for the trading of greenhouse gas emission units (hereafter referred to as the “Emissions Trading Market”), as per Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 “*establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC*”, as amended by Directive 2004/101/EC of the European Parliament and of the Council of 27 October 2004 “*amending Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading within the Community, in respect of the Kyoto Protocol’s project mechanisms*”, as subsequently amended and supplemented and as provided for in the relevant transposition legislation.

Article 2

Definitions

2.1 For the purposes of the Rules, the following definitions shall apply:

- a) available deposit means the sum of the interest-bearing cash deposits that the selling Market Participant has made for the purpose of participating in the market session, possibly increased by the receivables arising from sell transactions and decreased by the payables arising from buy transactions made in the same market session, as well as by the value of the buy orders entered into the order book and not yet matched;
- b) bank in charge of treasury services means the bank to which GME has entrusted its treasury services;
- c) CER (Certified Emission Reduction) means an emission unit that has been issued in accordance with Article 12 of the Kyoto Protocol and with the decisions

adopted under the United Nations Framework Convention on Climate Change (UNFCCC) or the Kyoto Protocol;

d) continuous trading means the trading based on automatic matching of trading orders and continuous entry of new orders during the market sessions;

e) Emissions Trading Market (EM) means GME's market for the trading of greenhouse gas emission units;

f) emission units means: EUAs, CERs and ERUs;

g) ERU (Emission Reduction Unit) means an emission unit that has been issued in accordance with Article 6 of the Kyoto Protocol and with the decisions adopted under the UNFCCC or the Kyoto Protocol;

h) EUA (European Unit Allowance) means the right to emit one tonne of carbon dioxide-equivalent under Directive 2003/87/EC, as subsequently amended and supplemented;

i) exclusion from the market means the loss of the status of Market Participant;

j) GME means "Gestore dei Mercati Energetici SpA", the company ("società per azioni") which is vested with the economic management of the Electricity Market pursuant to Article 5, Legislative Decree no. 79 of 16 March 1999. Under Article 4 of its by-laws, GME organises and manages a venue for the trading of emission allowances, as per Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 "establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC", as subsequently amended and supplemented and as provided for in the relevant transposition legislation;

k) GME's holding account means the account that GME has opened in the Registry of ISPRA;

l) initial interest-bearing deposit means the cash deposit that the buying Market Participant has made for the purpose of participating in the market session and entering buy orders into the order book;

m) ISPRA means "Istituto Superiore per la Protezione e la Ricerca Ambientale" (institute for environmental protection and research), which was established by Law 133/2008. This instrument amended Law Decree no. 112 of 25 June 2008 (concerning urgent rules on economic development, simplification, competitiveness, stabilisation of public-sector finance and tax equalisation) and converted it into law. ISPRA carries out the activities of the former APAT

- (“Agenzia per la protezione dell’ambiente e per i servizi Tecnici” (agency for environmental protection and technical services”), which is referred to in article 38, Legislative Decree no. 300 of 30 July 1999, as subsequently amended. ISPRA holds the Registry of emission units under Art. 3 of the Decree of the Italian Ministry of Environment and Land Protection of 23 February 2006, published in “Supplemento Ordinario, Gazzetta Ufficiale” no. 57 of 9 March 2006;
- n) market means the Emissions Trading Market;
 - o) Market Participant means the natural or legal person that has been admitted to trading in the market;
 - p) Market Participant’s holding account means the account that the Market Participant has opened in the Registry of ISPRA or in any other European Registry;
 - q) Market Participant’s identification code means the alphanumeric sequence that uniquely identifies a Market Participant for the purpose of participating in the Emissions Trading Market;
 - r) market session means the period of time within which trading orders may be entered;
 - s) order book means the on-line listing of trading orders that Market Participants have entered into the market information system; the orders are ranked by price and by time of entry;
 - t) order or transaction identification code means the alphanumeric sequence that uniquely identifies an order or a transaction made during a given market session;
 - u) reference period means the period of validity as defined in Directive 2003/87/EC;
 - v) reference price means the average price of all transactions on emission units that have been made during a given market session, weighted for the related quantities and calculated for each type and for each reference period;
 - w) suspension from the market means the temporary prohibition for a Market Participant to enter trading orders into the market;
 - x) trading order means the buy or sell order that Market Participants enter into the order book of the market; the trading order contains the data required for its posting and execution;

y) transaction means the result of the matching of one or more buy orders with one or more sell orders.

z) type means the subdivision of emission units into CERs, ERUs and EUAs;

aa) value of buy transactions means the sum of the products between the number of emission units bought and the respective unit purchasing prices, increased by VAT (where applicable by law);

bb) value of sell transactions means the sum of the products between the number of emission units sold and the respective unit selling prices, increased by VAT (where applicable by law);

cc) working day means a day from Monday to Friday, with the exception of public holidays recognised by the Italian State for all civil purposes and the days, if any, indicated in the Technical Rules.

Article 3

General principles and amendments to the Rules

3.1 GME shall formulate the Rules under criteria of neutrality, transparency, objectivity and competition between Market Participants.

3.1 GME shall fulfil its tasks under transparent and non-discriminatory criteria.

3.2 GME shall put in place an organisational structure suitable for preventing the occurrence of conflicts of interest, as well as procedures for monitoring and enforcing compliance with the Rules and the Technical Rules.

3.3 Market Participants shall conduct their activities in the Emissions Trading Market in accordance with common principles of ethics and good faith.

3.4 GME shall prepare amendments and additions to the Rules and make them known by posting them on its website. Amendments and additions to the Rules shall enter into force upon the date of their publication.

Article 4
Technical Rules

4.1 The implementing and procedural provisions of the Rules shall be set out in the Technical Rules. GME shall formulate the Technical Rules under criteria of neutrality, transparency, objectivity and competition between Market Participants.

4.2 The Technical Rules shall be published on GME's website and become effective upon the date of their publication.

4.3 GME shall prepare amendments and additions to the Technical Rules and make them known by posting them on its website. Amendments and additions to the Technical Rules shall enter into force upon the date of their publication.

Article 5
Units of measurement and rounding off

5.1 For the purposes of the market:

- a) the unit of measurement of the emission unit shall be the tonne of CO₂;
- b) the unit of measurement of the currency shall be the euro, with two decimal places;
- c) the unit of measurement of the unit prices of emission units shall be the euro/emission unit, with two decimal places.

5.2 For the purposes of the market, all figures shall be rounded off under 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 the Emissions Trading Market information system

6.1 Access to the Emissions Trading Market information system shall take place through the Internet, according to the modalities described in the Technical Rules.

6.2 Market Participants shall have access to the Emissions Trading Market via special procedures, as provided for in the Technical Rules. Such procedures shall authenticate Market Participants and guarantee the confidentiality of their transactions.

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

Article 7

Fees for services provided by GME

7.1 For the services provided by GME, Market Participants shall pay GME a yearly fixed fee and a fee for each emission unit traded.

7.2 On a yearly basis, GME shall define the extent of the fees referred to in para. 7.1 above and post it on its website.

Article 8

Information about the Emissions Trading Market sessions

8.1 The aggregate data and results of the Emissions Trading Market shall be of public domain and posted on GME's website. Market Participants shall have access to the data and results of the Emissions Trading Market that concern them directly.

8.2 Unless disclosure obligations are mandated by laws, regulations or other decisions made by public authorities, GME shall maintain the information pertaining to trading orders and transactions confidential for a minimum period of twelve months.

Article 9

Communication and publication of data and information

9.1 Unless otherwise specified, the data and information covered hereby shall be communicated and published electronically. In particular:

- a) communications to a Market Participant shall be made by posting data and information in the section of the Emissions Trading Market information system whose access is restricted to the same Market Participant;
- b) publication shall be made by posting data and information in the section of the Emissions Trading Market information system whose access is non-restricted.

9.2 Trading orders entered by Market Participants shall be deemed to have been received on the day and at the time recorded by the Emissions Trading Market information system. Any other communication shall be deemed to have been received:

- a) on the day and at the time of receipt, if received from 08:00 to 17:00 of a working day;
- b) at 08:00 of the first working day following the one of receipt, if received 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 received 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.

TITLE II
PARTICIPATION IN THE EMISSIONS TRADING MARKET

Article 10

Requirements for participation in the Emissions Trading Market

10.1 Participation in the market is open to parties that have adequate professional qualifications and are proficient in the use of Information Communication Technology (ICT) systems and related security systems or that have employees or assistants meeting the above professional and proficiency requirements.

10.2 Parties excluded from the market are not allowed to participate therein, except in the case of exclusion referred to in Article 16 below.

Article 11

Emissions Trading Market Participation Application and Agreement

11.1 Parties wishing to participate in the Emissions Trading Market shall submit to GME the following documentation:

- a) a Market Participation Application having the format annexed hereto (Annex 1);
- b) a signed copy of the Market Participation Agreement having the format annexed hereto (Annex 2).

Article 12

Admission procedure

12.1 Within fifteen calendar days from the date of receipt of the Application, after checking the validity of the documentation referred to in Article 11 above, GME shall notify the applicant of the acceptance or rejection of the Application and the reasons therefor. The notification shall be sent by registered letter with return receipt, preceded by a fax copy thereof.

12.2 If the documentation is irregular or incomplete, GME shall notify the applicant of the requirements for submitting regular documentation or for completing the submitted documentation, as well as of the time limit within which the applicant must fulfil such requirements. The notification shall suspend the time period referred to in para. 12.1 above, which shall run again from the date of receipt of the regular or complete documentation by GME.

12.3 Upon admission, the applicant shall acquire the status of Market Participant.

Article 13

List of Emissions Trading Market Participants

13.1 Parties that have been admitted to the Emissions Trading Market, as set forth in Article 12 above, shall be entered into an appropriate “List of Emissions Trading Market Participants”, to be created and held by GME in compliance with Legislative Decree no. 196 of 30 June 2003, as subsequently amended and supplemented.

13.2 For each Market Participant, the List shall specify:

- a) Market Participant’s identification code;
- b) full name, or registered name, place of residence and place of domicile (where different from the place of residence), or registered office, taxpayer’s number, VAT number, telephone number, fax number, e-mail address, contact person/s for communications, if any, and related addresses;
- c) Market Participant’s status: admitted, suspended, exclusion application pending;
- d) Market Participant’s bank details;
- e) Market Participant’s taxation.

13.3 GME shall publish on its website the following data and information on Market Participants: full name or registered name, place of residence or registered office.

13.4 Market Participants may access their own data and information contained in the List of Emissions Trading Market Participants.

Article 14
Verifications

14.1 GME shall monitor and enforce compliance with the Rules and the Technical Rules in order to ensure the proper functioning of the Emissions Trading Market under criteria of neutrality, transparency, objectivity and competition between Market Participants. To this end, GME may require Market Participants to submit any data or document giving evidence of the transactions that they have made in the Emissions Trading Market and also convene them for a hearing.

Article 15
Notification obligations

15.1 Market Participants shall notify GME promptly and, in any case, within three working days, of the occurrence of any change in circumstances that may involve the loss or change of any of their qualifications for participation in the Emissions Trading Market or the change of the data and information referred to in Article 13, para. 13.2 above that the Market Participants have declared and that have been entered into the List of Emissions Trading Market Participants.

15.2 As a result of the notifications given in accordance with para. 15.1 above, GME shall update the List of Emissions Trading Market Participants.

Article 16
On-demand exclusion from the market

16.1 For the purposes of exclusion from the market, Market Participants shall file an appropriate written application with GME by sending a registered letter with return receipt; the application shall indicate the date from which exclusion is requested.

16.2 On-demand exclusion from the market shall run from one of the following dates, whichever is later:

- a) second working day following the date of receipt by GME of the application referred to in para. 16.1 above;
- b) date indicated in the application referred to in para. 16.1 above.

16.3 On-demand exclusion from the market shall not relieve the Market Participant of obligations arising from commitments made in the market.

16.4 If, during the period of suspension decided under Articles 39 and 40 below, the Market Participant files an application for exclusion from the market, readmission to trading shall have effect only after the end of the suspension period.

TITLE III
EMISSION TRADING MARKET SESSIONS

Article 17

Emission units admitted to trading

17.1 Emission units having a value of one tonne of CO₂, as set forth in Directives 2003/87/EC and 2004/101/EC, may be traded in the Emissions Trading Market.

17.2 The type and reference period of the emission units admitted to trading in the Emissions Trading Market shall be posted on GME's website.

Article 18

Purpose of the Emissions Trading Market

18.1 In the Emissions Trading Market, Market Participants buy and sell emission units, in accordance with the modalities indicated herein and in the Technical Rules.

18.2 GME shall be the Market Participants' counterparty for transactions made in the Emissions Trading Market.

Article 19

Trading

19.1 Trading in the Emissions Trading Market shall take place on a continuous basis.

19.2 The days and hours of the Emissions Trading Market sessions shall be defined in the Technical Rules.

19.3 GME shall post the calendar of the sessions on its website.

Article 20

Information about the Emissions Trading Market

20.1 During each market session, for each reference period and type of emission units admitted to trading, GME shall communicate at least the following data and information to Market Participants:

- a) price and quantity of orders submitted into the market and not yet matched;
- b) price of last three transactions executed;
- c) minimum and maximum price;
- d) reference price of the session preceding the current session;
- e) volume traded.

20.2 At the end of each market session, for each reference period and type of emission units admitted to trading, GME shall communicate at least the following data and information:

- a) minimum and maximum price of transactions executed;
- b) reference price;
- c) volume traded.

Article 21

Entry of trading orders

21.1 GME shall organise an order book for each reference period and each type of emission units admitted to trading.

21.2 During the market session, Market Participants shall enter their trading orders into the order book, specifying the type, the reference period and the quantity of the emission units to be traded and the related unit price.

21.3 The minimum tradable quantity shall be defined in the Technical Rules.

21.4 The trading orders (divided by buy and sell orders) shall give rise to lists, divided by type and reference period of the emission units admitted to trading and ranked by

price priority and, in case of identical price, by time of entry. Buy orders shall be ranked by decreasing price, whereas sell orders shall be ranked by increasing price.

21.5 Orders with a zero or negative price limit shall be rejected.

21.6 Buy or sell orders without a price limit shall be accepted only if sell or buy orders with a price limit, respectively, are already present in the order book.

21.7 A buy or sell order submitted by a Market Participant shall be rejected if the same Market Participant has already entered into the order book a sell or buy order, respectively, that would match such order.

21.7*bis* During a market session, Market Participants may temporarily suspend the trading orders that they have entered into the order book, if such orders have not yet been matched in accordance with Article 23 below. Suspended orders shall lose the time priority that they have acquired.

21.8 During a market session, Market Participants may withdraw their orders by directly deleting them directly from the order book, if such orders have not yet been automatically matched in accordance with Article 23 below.

21.9 During a market session, Market Participants may change the orders that they have entered into order book, if such orders have not yet been automatically matched in their entirety, in accordance with Article 23 below. If the orders have been partially matched, the change shall only apply to the unexecuted part. Changed orders shall lose the time priority that they have acquired.

21.10 The trading orders that have not been matched in accordance with Article 23 below shall be automatically cancelled at the close of the market session.

21.11 The modalities of entry of trading orders shall be defined in the Technical Rules.

Article 22

Validation of trading orders

22.1 A buy order is valid, if its value is lower than or equal to the amount of the Market Participant's available deposit, as stated in Article 27, paras. 27.2, 27.3, 27.4 and 27.5 below.

22.2 If the value of the buy order that a Market Participant has submitted is greater than the amount of such Market Participant's available deposit, as stated in Article 27, paras. 27.2, 27.3, 27.4 and 27.5 below, such order shall be rejected.

22.3 A sell order is valid, if the number of emission units specified therein is lower than or equal to the number of the Market Participant's saleable emission units, as provided for in Article 28, para. 28.2 below.

22.4 If the quantity of the sell order that a Market Participant has submitted is greater than the number of such Market Participant's saleable emission units, as provided for in Article 28, para. 28.2 below, such order shall be rejected.

Article 23

Execution of transactions

23.1 During the market session, transactions shall be executed through the matching of orders under the following criteria:

- a) buy order with a price limit: it shall be matched with sell orders at a price lower than or equal to the limit specified in the buy order until exhausting the order and according to the priority order referred to in Article 21, para. 21.4 above;
- b) sell order with a price limit: it shall be matched with buy orders at prices equal to or higher than the limit specified in the sell order until exhausting the order and according to the priority order referred to in Article 21, para. 21.4 above;
- c) buy order without a price limit: it shall be matched with one or more sell orders available at the time of entry of the buy order until exhausting the order and according to the priority order mentioned in Article 21, para. 21.4 above;

- d) sell order without a price limit: it shall be matched with one or more buy orders available at the time of entry of the sell order until exhausting the order and according to the priority order mentioned in Article 21, para. 21.4 above.

23.2 For each transaction executed through automatic matching, the price shall be equal to the price of the trading order having the highest time priority.

23.3 If a trading order with a price limit is partially executed, the unexecuted part shall be resubmitted automatically with the price and time priority of the original order. If a trading order without a price limit is partially executed, then the unexecuted part shall be cancelled.

Article 24

Registration of executed transactions

24.1 GME shall register the following data concerning the transactions executed in the Emissions Trading Market:

- a) transaction identification code;
- b) unit price;
- c) quantity;
- d) type;
- e) reference period;
- f) day and time of execution;
- g) identity of buying and selling Market Participants.

Article 25

Emergency conditions

25.1 The following shall be deemed to be emergency conditions:

- a) GME is unable to connect to the Registry of ISPRA;
- b) GME is unable to receive the trading orders entered by Market Participants according to the modalities referred to in Article 21 above, owing to malfunctions in its telecommunication systems;

- c) GME is unable - for whatever reason, including malfunctions of the Emissions Trading Market information system - to determine the results of a given market session;
- d) GME is unable - for whatever reason, including malfunctions of the Emissions Trading Market information system or its telecommunications systems - to notify Market Participants of the results of a given market session.

25.2 In the case covered by para. 25.1 a) above, GME shall notify Market Participants of the occurrence of the emergency conditions and, possibly, of the new opening time of the market session, in accordance with the modalities specified in the Technical Rules. In case of particularly serious events, GME shall cancel the sitting, notifying Market Participants thereof according to the modalities defined in the Technical Rules.

25.3 In the case covered by para. 25.1 b) above, GME shall notify Market Participants of the occurrence of the emergency conditions and of the new closing time of the market session, in accordance with the modalities specified in the Technical Rules. In case of particularly serious events, if the conditions referred to in para. 25.1 b) persist within the new closing time of the market sitting, then GME shall cancel the sitting and notify Market Participants thereof according to the modalities defined in the Technical Rules.

25.4 In the case covered by para. 25.1 c), GME shall suspend transactions in the Emissions Trading Market and notify Market Participants of the expected duration of the suspension, according to the modalities specified in the Technical Rules.

25.5 The notification modalities to be adopted by GME in the cases referred to in para. 25.1 d) above shall be defined in the Technical Rules.

25.6 GME shall not be liable for default due to malfunctioning of its information system, including the cases covered by para. 25.1 above, due to force majeure, fortuitous case or events due to actions of third parties or anyway beyond its control.

Article 26

Operation of the Emissions Trading Market information system

26.1 In case of technical failures of the Emissions Trading Market information system, GME may suspend, postpone or close in advance a given market session.

26.2 With a view to ensuring the good technical functioning, as well as the efficient use of the Emissions Trading Market information system and, in general, the proper operation of the market, GME may impose limits to submission, cancellation and change of trading orders and limit the number of connections of each Market Participant or of specific categories of Market Participants to the Emissions Trading Market information system.

Article 26bis

Suspension of Transactions in the Emissions Trading Market

26bis.1 Where GME identifies abnormal trading or irregular or unlawful behaviours, even only presumed, by one or more Market Participants, GME may - also with immediate effect - suspend transactions in the Emissions Trading Market or one or more sessions thereof.

26bis.2 GME shall make known its decision to suspend the market pursuant to para. 26bis.1 above by publishing it on its website.

TITLE IV GUARANTEES

Article 27 *Guarantee for purchases*

27.1 To submit buy orders into the Emissions Trading Market, each Market Participant shall make an initial interest-bearing cash deposit. The Market Participant shall transfer the deposit, with value date on the same day, to an appropriate bank account held by GME and notify GME of the amount thereof, according to the modalities specified in the Technical Rules.

27.1*bis* During the market session, the Market Participant may increase the initial deposit mentioned in para. 27.1 above, by making an interest-bearing deposit. The Market Participant shall transfer the deposit, with value date on the same day, to an appropriate bank account held by GME and notify GME of the amount thereof, according to the modalities specified in the Technical Rules. The payments referred to in this paragraph and in para. 27.1 above shall have effect within one hour from the time at which they are credited to GME's bank account. The deposit shall be deemed to have been received on the day and at the time recorded by the information system of the bank in charge of GME's treasury services. For all the payments received after 17:00 of a working day, the amount credited to GME's account shall be equal to the amount of the payment decreased by one day's interest; the interest shall be calculated by applying the interest rate posted on GME's website.

27.2 The initial deposit, referred to in para. 27.1 above and possibly increased as stated in para. 27.1*bis* above, shall be updated at the time of entry of a buy order:

- a) decreasing it by an amount equal to the product between the price specified in the order (increased by VAT, where applicable by law) and the related quantity, if the order has a price limit, or
- b) decreasing it by an amount equal to the sum of the products between the prices of sell orders present in the order book (increased by VAT, where applicable by law) and the related quantities until reaching the quantity of the buy order, if the order has no price limit.

27.3 If a buy order with a price limit is matched and the price at which the contract is concluded lies below the specified price limit, then GME shall up-adjust the amount of the available deposit committed under para. 27.2 a) above) by an amount equal to: the product between the matched quantity and the difference between the specified price limit and the price at which the order has been matched, increased by VAT (where applicable by law).

27.4 Upon the matching of a sell order, the Market Participant's available deposit shall be up-adjusted by an amount equal to: the product between the price at which the order has been matched, increased by VAT (where applicable by law), and the quantity for which the order has been matched.

27.5 On the assumption referred to in para. 27.2 a) above, if a buy order that has not yet been matched is cancelled, the available deposit shall be up-adjusted by an amount equal to: the product between the price, increased by VAT (where applicable by law), and the quantity specified in the cancelled order.

27.6 At the request of the Market Participant, the initial interest-bearing deposit, possibly increased or decreased as set forth in paras. 27.2, 27.3, 27.4 and 27.5 above, shall be refunded according to the modalities and within the time limits defined in the Technical Rules.

27.7 On a quarterly basis, GME shall pay the interest accrued on the Market Participant's available deposit. Such interest shall be computed on the basis of the interest rate that the bank in charge of treasury services grants to GME.

Article 28

Guarantee for sales

28.1 To submit sell orders into the Emissions Trading Market, each Market Participant shall transfer a quantity of saleable emission units to GME's holding account, notifying GME thereof according to the modalities and within the time limits indicated in the Technical Rules.

28.2 The maximum number of units saleable in the market shall be equal to the quantity of emission units referred to in para. 28.1 above, possibly updated as follows:

- a) upon entry of a sell order - down-adjusted by a quantity of emission units equal to the quantity specified in the order;
- b) upon matching of a buy order - up-adjusted by a quantity of emission units equal to the quantity that has been matched;
- c) upon cancellation of a sell order not yet matched - up-adjusted by a quantity of emission units equal to the one specified in the order that has been cancelled.

28.3 At the end of each market session, the Market Participant may request that the quantity of its own emission units referred to in para. 28.1, as increased or decreased under para. 28.2 above, be transferred from GME's holding account to its own holding account, in accordance with the modalities and within the time limits established in the Technical Rules.

TITLE V
INVOICING AND SETTLEMENT OF PAYMENTS

Article 29
Confirmations

29.1 Within two hours from the end of each session and according to the modalities laid down in the Technical Rules, GME shall confirm the executed transactions to each Market Participant by notifying at least the following data:

- a) quantity;
- b) unit price;
- c) day and time;
- d) type;
- e) reference period;
- f) value of buy transactions;
- g) value of sell transactions.

Article 29bis
Invoicing period

29.1***bis*** The invoicing period for transactions made in the Emissions Trading Market shall be defined in the Technical Rules.

Article 30
Invoicing

30.1 For each invoicing period, in accordance with the modalities and within the time limits defined in the Technical Rules, GME shall:

- a) issue invoices to debtor Market Participants for the amounts pertaining to their buy transactions;
- b) notify creditor Market Participants of the amounts pertaining to their sell transactions.

30.2 After receiving the notifications referred to in para. 30.1 b) above, Market Participants shall issue invoices to GME for the specified amounts.

30.3 The modalities and time limits for issuing invoices to GME, as set forth in para. 30.2 above, shall be defined in the Technical Rules.

30.4 The invoices and notifications referred to in paras. 30.1 and 30.2 above shall be made available to Market Participants in electronic form, in accordance with the modalities defined in the Technical Rules.

Article 31

Settlement of payments - selling Market Participants

31.1 The sell transactions concluded in the market shall be settled by increasing the selling Market Participant's available deposit by the value of such transactions.

Article 32

Settlement of payments - buying Market Participants

32.1 The buy transactions concluded in the market shall be settled by decreasing the buying Market Participant's available deposit by the value of such transactions.

TITLE VI
BILLING, INVOICING AND SETTLEMENT OF FEES

Article 33
Billing of fees

33.1 At the end of each session of the Emissions Trading Market, GME shall calculate fees that Market Participants owe to GME, in compliance with Article 7, para. 7.1 above.

Article 34
Invoicing of fees

34.1 The period of and modalities for invoicing the fees due in respect of the emission units traded in the Emissions Trading Market shall be defined in the Technical Rules. GME shall issue invoices to each Market Participant for the fees due for transactions in the Emissions Trading Market, as provided for in Article 7, para. 7.1 above.

34.2 The yearly fixed fee referred to in Article 7, para. 7.1 above shall be invoiced, for the first twelve months, as a single payment upon admission of the Market Participant to the market and, subsequently, every twelve months.

Article 35
Invoice contents

36.1 For each session of the Emissions Trading Market, the invoices referred to in Article 34, para. 34.1 above shall include at least the following data, where applicable:

- a) number of emission units pertaining to concluded transactions;
- b) fees for emission units traded, as per Article 7, para. 7.1 above;
- b) taxation applied;
- c) total amount.

Article 36
Payment of fees

39.1 Based on the invoices received from GME under Article 34, paras. 34.1 and 34.2 above, Market Participants shall - according to the modalities and within the time limits established in the Technical Rules - pay to the bank in charge of treasury services the amount of the fees due.

***TITLE VII
PENALTIES, COMPLAINTS AND DISPUTES**

**SECTION I
BREACHES AND PENALTIES**

Article 37

Breaches of the Rules and of the Technical Rules

37.1 The following behaviours shall be considered as breaches of the Rules and of the Technical Rules:

- a) negligence, carelessness and unskilfulness in the use of systems of communication and of entry of trading orders;
- b) pretextual use of the complaints referred to in Section II 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 access codes to the market information system, any other data required for access to the market information system and the content of the trading orders submitted by other Market Participants to GME, unless such disclosure is mandated by laws, regulations or decisions by appropriate authorities;
- d) any unauthorised attempt to access restricted areas of the market information system;
- e) any use for fraudulent purposes of the systems of communication and of entry of trading orders;
- f) any other conduct contrary to the principles of ethics and good faith referred to in Article 3, para. 3.4 above.

Article 38

Penalties

38.1 Where the breaches referred to in Article 37 above are ascertained, GME shall, respecting the principles of fairness and equal treatment and bearing in mind the seriousness of the breach and any previous breaches, impose the following penalties on Market Participants according to the graduation referred to in Article 39 below:

- a) a private written notice of the breach;
- b) a public written notice of the breach;
- c) a financial penalty;
- d) the suspension of the Market Participant from the market;
- e) the exclusion of the Market Participant from the market.

38.2 In case of suspension or exclusion from the market, the Market Participant may be permitted, under the supervision of GME, to close any transactions still in progress, as well as any other transactions irrevocably connected to the same.

38.3 Where a breach is identified, GME shall serve a notice to the Market Participant involved. The notice shall include:

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

38.4 Where the Market participant requests a hearing or GME deems such hearing to be necessary, GME shall set the date and immediately inform the Market Participant thereof. Where 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 the available evidence.

38.5 Based on the available evidence, GME shall impose a penalty or dismiss the case within thirty days from the date of sending of the notice specified in para. 38.3 above.

38.6 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.

38.7 The penalties and the reasons therefor or the decision to dismiss the case shall be communicated to the Market Participant involved.

Article 39
Graduation of penalties

39.1 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 breach;
- b) a public written notice of the breach
- c) suspension from the market for a number of market sessions of a minimum of one and of a maximum of four. In case of recurrence of the breach, the Market Participant shall be suspended from the market for four market sessions.

39.2 Where the breaches mentioned in para. 39.1 above have caused disturbances to the proper functioning of the market, GME may impose the following penalties:

- a) a public written notice of the breach;
- 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 breach, the Market Participant shall be suspended from the market for one year.

39.3 Where 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 breach, the Market Participant shall be suspended from the market for eighteen months;
- b) exclusion from the market.

39.4 Where the breaches mentioned in para. 39.3 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 breach, the Market Participant shall be suspended from the market for three years;
- b) exclusion from the market.

Article 40

Suspension for non-fulfilment of notification obligations and non-payment of fees

40.1 In addition to the cases listed in Article 39 above, GME may suspend the Market Participant from the market in the following cases:

- a) where the Market Participant does not fulfil the notification obligation referred to in Article 15, para. 15.1 above. The suspension shall have effect until the date in which GME receives said notification;
- b) where the Market Participant fails to pay the fees specified in Article 7, para. 7.1 above, in accordance with the provisions of Article 36 above. The suspension shall have effect until the date in which the Market Participant fulfils such obligation and, anyway, for a maximum period of six months. If, at end of the latter period, the Market Participant has not fulfilled such obligation, the same Market Participant shall be suspended from the market;
- c) where the Market Participant fails to issue invoices to GME as indicated in Article 30, para. 30.3 above.

Article 41

Publication of penalties

41.1 GME shall publish the penalties referred to in Article 38, para. 38.1 b), c), d) and e) above, by posting them 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, as provided for in Article 44 below. In the latter case, after receiving notice that the Court of Arbitration has confirmed the penalty, GME shall make known both the penalty and the Court's confirmatory decision.

SECTION II COMPLAINTS

Article 42

Submission formalities and minimum complaint contents

42.1 To be admissible, complaints relating to the market shall be filed electronically within sixty minutes from the end of the market session, using the appropriate forms available on GME's website.

42.2 To be admissible, each complaint shall include the following elements:

- a) identification code of the trading order and/or transaction in dispute, as assigned by the market information system;
- b) concise description of the reasons for the dispute.

Article 43

Complaint resolution

43.1 By the end of the working day following the receipt of a complaint, GME shall notify the Market Participant concerned of the result of its verification.

43.2 If the complaint is accepted, GME shall only pay a compensation for the Market Participant's higher cost or lower revenue deriving from the result of the Emissions Trading Market in dispute. For each emission unit included in the trading order to which the complaint refers, such compensation may not exceed:

- a) for buy orders with a specified price - the difference between the maximum price of transactions executed in the market session and the price quoted in the order;
- b) for sell orders with a specified price - the difference between the price quoted in the order and the minimum price of transactions executed in the market session;
- c) for orders without a specified price - the difference between the maximum price and the minimum price of transactions executed in the market session.

SECTION III DISPUTES

Article 44 Settlement of disputes

44.1 A request for arbitration may be filed with the Court of Arbitration:

- a) against denial of admission to the market;
- b) against the penalties referred to in Article 38, para. 38.1 above;
- c) where the Market Participant does not accept the result of the resolution of the complaints referred to in Article 43 above.

44.2 In addition to the cases referred to in para. 44.1 above, the Court of Arbitration shall have jurisdiction over any other dispute arising between GME and Market Participants in connection with the interpretation and application of the Rules and of the Technical Rules.

44.3 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.

44.4 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 Italian Civil Procedure Code.

44.5 The Court of Arbitration shall be based in Rome at GME's registered office.

**TITLE VIII
FINAL PROVISIONS**

Article 45

Awardees of contracts for the provision of services for the market

45.1 Awardees of contracts for services and/or supplies for the implementation of the market information system shall not be admitted to the market for a period of three years from the start date of the market.

Article 46

Entry into force

46.1 These Rules shall be published on GME's website and enter into force on the date of their publication.