

Technical Rule no. 12 MGAS

(under article 4 of the Natural-Gas Market Rules, approved by the Ministry of Economic Development with its Decree of 6 March 2013, as subsequently amended and supplemented)

Title	Closing of open positions
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Reference Legislation	Article 81, para 81.1 of Natural-Gas Market Rules
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1. Foreword

Article 81, para 81.1 of the Rules provides that in cases of default set out in Article 77 of the same Rules, GME shall, in the manner and time limits defined in the Technical Rules, determine the net MGAS delivery positions of the Participant, calculated as the algebraic sum of the transactions concluded by the Market Participant in the MGP-MGAS, MI-GAS AND MT-GAS and:

- a) for the net delivery positions for which there are corresponding contracts traded in the MT-GAS, GME shall close these net delivery positions, through the closing of the contractual positions of the defaulting Participant, by concluding opposite sign transactions in the MT-GAS, that are attributed to the defaulting Participant;
- b) for the net delivery positions to which only contracts traded in the MGP-GAS and on MI-GAS correspond, as well as for net delivery positions for which the procedure referred to in subparagraph a) did not allow the closure, to manage the position undelivered by the defaulting Participant in the balancing system. In this case, at the end of the MI-GAS session relating to the relevant period to which the net undelivered position refers, GME assigns the Market Participant a transaction in the MGAS with opposite sign, for an amount equal to that of the net undelivered position not registered at the PSV and a price equal to the price charged in the balancing system, on the same gas-day, to the imbalance having the same sign of the position not registered.

2. Closing of net delivery positions, through the closing of the defaulting Market Participant's contractual positions by concluding transactions of opposite sign in the MGAS

This paragraph describes the closure procedure of net delivery positions, referred to subpara. a) of the paragraph 1 above (i.e. the net delivery positions to which the contracts traded in the MT-GAS correspond), through the closing of the transactions with opposite sign in the MGAS.

Upon default, GME will – on behalf of the defaulting Market Participant – enter one or more demand bids and/or supply offers/bids related to the contract/s with longer duration and capable of minimizing, until zeroing, the Market Participant's net delivery positions to which contracts traded in the MT-GAS correspond. This operation will be carried out until exhausting the defaulting Market Participant's open contractual positions.

GME will assign sale and/or purchase transactions to the defaulting Market Participant at the price or average price (in case of multiple operations) at which the same transactions are concluded.

3. Closing of net delivery positions by settling the defaulting Market Participant's net delivery position in the balancing system

This paragraph describes the closure procedure of net delivery positions referred to in the subpara. b) of paragraph 1 above (i.e. the net delivery positions to which only contracts traded in the MGP-GAS and on MI-GAS, correspond , as well as the net delivery positions for which the procedure described in paragraph 2 did not allow the closure), referred to in subpara. b) of paragraph 1, by letting GME managing the net delivery position of the defaulting Participant in the balancing system.

Upon default, GME, at the end of the MI-GAS session concerning the relevant period to which the net undelivered position refers, shall assign the Market Participant a transaction in the MGAS with opposite sign to the net delivery position to which contracts correspond, as well as the net delivery position for which the procedure described in paragraph 2 above has not allowed the corresponding closure.

The transaction with opposite sign attributed by GME in the MGAS to the defaulting Market Participant will have:

- An amount equal to that of the net delivery position not registered at the PSV, as well as that of the net delivery position not closed under paragraph 2;
- A price equal to the price charged in the balancing system, on the same gas-day to which the net position refers, to the imbalance having the same sign of the position not registered.