

Technical Rule no. 03 rev. 7 ME

(under Article 4, Integrated Text of the Electricity Market Rules, approved by the Decree of the Minister of Productive Activities of 19 December 2003, as subsequently amended and supplemented)

Title	Loss of Qualifications or Default by the Bank Issuing the Bank Guarantee
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Reference Legislation	Article 79, para. 79.8, Article 92, para. 92.1, Integrated Text of the Electricity Market Rules
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1. Foreword

Article 79, para. 79.8 of the Integrated Text of the Electricity Market Rules (hereinafter “ME Rules”) sets forth that, should the bank issuing the bank guarantee or the controlling company issuing the statement mentioned in Article 79, para. 79.7 of the ME Rules no longer meet one or both of the requirements specified in Article 79, para. 79.2 of the ME Rules or the controlling company lose the control of the bank issuing the bank guarantee pursuant to Article 2359, para. 1 and 2 of the Civil Code, then the guarantees provided by such bank shall remain valid until the date specified in the Technical Rules.

Article 92, paragraph 92.1 of the ME Rules provides that the bank guarantees issued by the banks that, after receiving a request for enforcement, fail to make the consequent payment within the time limit indicated therein, shall remain valid until the date established in the Technical Rules.

2. Loss of qualifications by the bank issuing the bank guarantee

2.1 Guarantees provided pursuant to Annex 3 of the ME Rules

Should the bank issuing the bank guarantee or the controlling company that has issued the statement mentioned in Article 79, para. 79.7 of the ME Rules lose one or both of the qualifications specified in Article 79, para. 79.2 of the ME Rules, or in the event that the controlling company loses control of the bank issuing the bank guarantee pursuant to art. 2359, paragraphs 1 and 2 of the Civil Code, the related bank guarantees issued by such bank as a guarantee provided by the Market Participant to GME, for the purposes of financial adequacy verifications:

- for the share of the overall amount allocated to the netting markets, remain valid until the end of the invoicing period in which it falls the sixtieth calendar day following that on which

the loss of the qualification has occurred, unless the Market Participant priorly posts another suitable guarantee and the request to return the guarantee submitted by the Market Participant has been positively verified by GME pursuant to Article 80, paragraph 80.8 bis of the ME Rules ;

- for the share of the overall amount allocated to the MPEG, remain valid until the end of the invoicing period in which it falls the sixtieth calendar day following the day on which the loss of the qualification occurred, unless the Market Participant priorly posts another suitable guarantee and the request to return the guarantee submitted by the Market Participant has been positively verified by GME pursuant to Article 80, paragraph 80.8 bis of the ME Rules:
- for the share of the overall amount allocated to the MTE, immediately lose their validity both for the submission of bids/offers and the execution of trades on the MTE, and for the delivery of the net position of MTE on the PCE. It is understood that these bank guarantees remain valid in relation to the management of default;
- for the share of the overall amount allocated to the MT-GAS, immediately lose their validity, both for the submission of bids/offers and the execution of trades, and for the registration of the net position to be delivered to the PSV. It is understood that these bank guarantees remain valid in relation to the management of default;
- for the share of the overall amount allocated to the PCE, remain valid until the end of the invoicing period within which it falls the sixtieth calendar day following the day on which the loss of the qualification has occurred, unless the Market Participant priorly posts another suitable guarantee and the request to return the guarantee provided by the Market Participant has been positively verified by GME pursuant to Article 80, paragraph 80.8 bis of the ME Rules.

2.2 Guarantees provided pursuant to Annex 5 of the ME Rules

If the bank issuing the bank guarantee or the controlling company that issued the declaration referred to in Article 79, paragraph 79.7, of the ME Rules, loses one or both of the qualifications set out in Article 79, paragraph 79.2 of the ME Rules, or if the controlling company loses control of the bank issuing the bank guarantee in accordance with art. 2359, paragraphs 1 and 2, of the Civil Code, the related bank guarantees issued by such bank as a guarantee provided by the Market Participant to GME, for the purposes of financial adequacy verifications:

- for the share of the overall amount allocated to the netting markets, remain valid until the end of the invoicing period within which it falls the sixtieth calendar day following that on which the loss of the qualification has occurred unless the Market Participants priorly posts another suitable guarantee and the request to return the guarantee submitted by the Market

Participant has been positively verified by GME pursuant to Article 80, paragraph 80.8 bis of the ME Rules;

- for the share of the overall amount allocated to the MPEG, they remain valid until the end of the invoicing period within which it falls the sixtieth calendar day following that on which the loss of the qualification has occurred unless the Market Participant priorly posts another suitable guarantee and the request to return the guarantee submitted by the Market Participant has been positively verified by GME pursuant to Article 80, paragraph 80.8 bis of the ME Rules;
- for the share of the overall amount allocated to the PCE, remain valid until the end of the invoicing period within which it falls the sixtieth calendar day following the day on which the loss of the qualification has occurred, unless the Market Participant priorly posts another suitable guarantee and the request to return the guarantee submitted by the Market Participant has been positively verified by GME pursuant to Article 80, paragraph 80.8 bis of the ME Rules.

2.3 Guarantees provided according to the forms attached to the version of the ME Rules in force until the day before the go-live date of netting markets

With reference to the guarantees provided in accordance with the forms attached to the ME Rules in force until the day before of the go-live date of netting markets, if the bank issuing the bank guarantee or the controlling company that issued the declaration referred to in Article 79, paragraph 79.7, of the ME Rules, loses one or both of the qualifications referred to in Article 79, paragraph 79.2 of the ME Rules, or if the controlling company loses control of the bank issuing the bank guarantee in accordance with art. 2359, paragraphs 1 and 2, of the Civil Code, the related bank guarantees issued by such bank as a guarantee provided by the Market Participant to GME, for the purposes of financial adequacy verifications, shall remain valid:

- with respect to Annex 3, until the moment when one of the aforementioned events occurs.

- with respect to Annex 5, until the end of the invoicing period following that in which the loss of the qualification has occurred unless the Market Participant priorly posts another suitable guarantee and the request to return the guarantee submitted by the Market Participant has been positively verified by GME pursuant to Article 80, paragraph 80.8 bis of the ME Rules;

- with respect to Annex 7, until the end of the invoicing period following that in which

the loss of the qualification has occurred unless the Market Participant priorly posts another suitable guarantee and the request to return the guarantee presented by the Market Participant has been positively verified by GME pursuant to Article 80, paragraph 80.8 bis of the ME Rules.

3. Default by the bank issuing the bank guarantee

3.1 Guarantees provided pursuant to Annex 3 of the ME Rules

The bank guarantees issued by banks that, after receiving the request for enforcement, fail to make the consequent payment within the time limit stated therein:

- for the share of the overall amount allocated to netting markets, for the purpose of financial adequacy verifications, remain valid until the end of the invoicing period within which it falls the thirtieth calendar day following that in which the event has occurred, unless the Market Participant priorly posts another suitable guarantee and the request to return the guarantee submitted by the Market Participant has been positively verified by GME pursuant to Article 80, paragraph 80.8 bis of the ME Rules;
- for the share of the overall amount allocated to the MPEG, for the purpose of financial adequacy verifications, remain valid until the end of the invoicing period within which it falls the thirtieth calendar day following that on which the event has occurred, unless the Market Participants priorly posts another suitable guarantee and the request to return the guarantee submitted by the Market Participant has been positively verified by GME pursuant to Article 80, paragraph 80.8 bis of the ME Rules;
- for the share of the overall amount allocated to the MTE, immediately lose their validity both for the submission of bids/offers and the execution of trades on the MTE, and for the delivery of the net position of MTE on the PCE. It is understood that these bank guarantees remain valid in relation to the management of default;
- for the share of the overall amount allocated to the MT-GAS, for the purpose of financial adequacy verifications, immediately lose their validity, both for the submission of bids/offers and the execution of trades, and for the registration of the net position to be delivered to the PSV. It is understood that these bank guarantees remain valid in relation to the management of default;
- for the share of the overall amount allocated to the PCE, for the purpose of financial adequacy verifications, remain valid until the end of the invoicing period within which it falls the thirtieth calendar day following that on which the event has occurred, unless the Market Participant priorly posts another suitable guarantee and the request to return the guarantee submitted by the Market Participant has been positively verified by GME pursuant to Article

80, paragraph 80.8 bis of the ME Rules.

3.2 Guarantees provided pursuant to Annex 5 of the ME Rules

The bank guarantees issued by banks that, after receiving the request for enforcement, fail to make the consequent payment within the time limit indicated therein:

- for the share of the overall amount allocated to netting markets, for the purpose of financial adequacy verifications, remain valid until the end of the invoicing period within which it falls the thirtieth calendar day following that in which the event has occurred, unless the Market Participant priorly posts another suitable guarantee and the request to return the guarantee submitted by the Market Participant has been positively verified by GME pursuant to Article 80, paragraph 80.8 bis of the ME Rules;
- for the share of the overall amount allocated to the MPEG, for the purpose of financial adequacy verifications, remain valid until the end of the invoicing period within which it falls the thirtieth calendar day following that on which the event has occurred, unless the Market Participant priorly posts another suitable guarantee and the request to return the guarantee submitted by the Market Participant has been positively verified by GME pursuant to Article 80, paragraph 80.8 bis of the ME Rules;
- for the share of the overall amount allocated to the PCE, for the purpose of financial adequacy verifications, remain valid until the end of the invoicing period in which it falls the thirtieth calendar day following that on which the event has occurred, unless the Market Participant priorly posts another suitable guarantee and the request to return the guarantee submitted by the Market Participant has been positively verified by GME pursuant to Article 80, paragraph 80.8 bis of the ME Rules.

3.3 Guarantees provided pursuant to the forms attached to the version of the ME Rules in force until the day before the go-live of the netting markets

With reference to the bank guarantees provided pursuant to the forms attached to the version of the ME Rules in force until the day before the go-live date of netting markets and issued by banks that, after receiving the request for enforcement, fail to make the consequent payment within the time limit indicated therein, such guarantees remain valid for financial adequacy verifications:

- with respect to Annex 3:
 - for the share of the overall amount allocated to the MGP, MI, MPEG and PCE, until the end of the invoicing period within which it falls the thirtieth calendar day following that on which the event has occurred, unless the Market Participant posts

another suitable guarantee and the request to return the guarantee submitted by the Market Participant has been positively verified by GME pursuant to Article 80, paragraph 80.8 bis of the ME Rules;

- for the share of the overall amount allocated to the MTE, until the moment when the aforementioned event occurs, both for the submission of bids/offers and the execution of trades, and for the delivery of the net position of MTE on the PCE. It is understood that these bank guarantees remain valid in relation to the management of default;

- with respect to Annex 5, until the end of the invoicing period following the one in which the event has occurred, unless the Market Participant priorly posts another suitable guarantee and the request to return the guarantee submitted by the Market Participant has been positively verified by GME pursuant to Article 80, paragraph 80.8 bis of the ME Rules;
- with respect to Annex 7, until the end of the invoicing period following the one in which the event has occurred unless the Market Participant priorly submits another suitable guarantee and the request to return the guarantee submitted by the Market Participant has been positively verified by GME pursuant to Article 80, paragraph 80.8 bis of the ME Rules.

With reference to the bank guarantees provided pursuant to the forms attached to the version of the ME Rules in force until the day before the go-live date of netting markets and issued by banks that, after receiving the request for enforcement, fail to make the consequent payment within the time limit indicated therein, the other bank guarantees issued by the same bank shall remain valid, for the purposes of financial adequacy verifications:

- with respect to Annex 3:
 - for the share of the overall amount allocated to the MGP, MI, MPEG and PCE, until the end of the invoicing period within which it falls the thirtieth calendar day following that on which the event has occurred, unless the Market Participant posts another suitable guarantee and the request to return the guarantee submitted by the Participant has been positively verified by GME pursuant to Article 80, paragraph 80.8 bis of the ME Rules;
 - for the share of the overall amount allocated to the MTE, until the moment when the aforementioned event occurs, both for the submission of bids/offers and the execution of trades, and for the delivery of the net position of MTE on the PCE. It is

understood that these bank guarantees shall remain valid in relation to the management of default;

- with respect to Annex 5, until the end of the invoicing period within which it falls the thirtieth calendar day following the one in which the event has occurred, unless the Market Participant priorly posts another suitable guarantee and the request to return the guarantee submitted by the Market Participant has been positively verified by GME pursuant to Article 80, paragraph 80.8 bis of the ME Rules;
- with respect to Annex 7, until the end of the invoicing period within which it falls the thirtieth calendar day following the one in which the event has occurred, unless the Market Participant priorly posts another suitable guarantee and the request to return the guarantee submitted by the Market Participant has been positively verified by GME pursuant to Article 80, paragraph 80.8 bis of the ME Rules.