



**REGULATION OF
THE TIME SHIFTING CONTRACT MARKET (MTS)**

*approved by the Ministry of Environment and Energy
Security with Ministerial Decree xxx/xx,
under article 18, para. 8 of Legislative Decree 210/21*

TABLE OF CONTENTS

TITLE I GENERAL PROVISIONS 5

ARTICLE 3 7

GENERAL PRINCIPLES AND AMENDMENTS TO THIS REGULATION 7

ARTICLE 4 TECHNICAL RULES 7

ARTICLE 5 8

UNITS OF MEASUREMENT AND ROUNDING OFF 8

ARTICLE 6 ACCESS TO GME’S INFORMATION SYSTEM 8

ARTICLE 7 8

FEEES FOR THE SERVICES PROVIDED BY GME 8

ARTICLE 9 9

COMMUNICATION AND PUBLICATION OF DATA AND INFORMATION 9

ARTICLE 10 9

SECURITY OF ACCESS 9

TITLE II 10

ADMISSION TO THE MARKET 10

ARTICLE 11 10

REQUIREMENTS FOR ADMISSION TO THE MARKET 10

ARTICLE 15 12

ADMISSION OF TERNA TO THE MARKET 12

REGISTER OF MTS PARTICIPANTS 12

ARTICLE 17 13

DATA AND INFORMATION FOR PARTICIPATION IN THE MTS 13

ARTICLE 18 13

REQUEST FOR INFORMATION 13

ARTICLE 19 13

NOTIFICATION OBLIGATIONS 13

ARTICLE 20 14

EXCLUSION FROM THE MARKET ON REQUEST 14

ARTICLE 21 15

PURPOSE OF THE MARKET 15

ARTICLE 22 MARKET STRUCTURE 15

ARTICLE 23 TIMINGS OF MARKET SESSIONS 16

ARTICLE 24 TRADING MECHANISM 16

SECTION I OPERATION OF 17

THE PRIMARY STANDARD TIME SHIFTING CONTRACT MARKET 17

ARTICLE 26 PRELIMINARY INFORMATION FOR THE MP-TS 17

ARTICLE 27 SUBMISSION OF ORDERS INTO THE MP-TS 17

ARTICLE 28 VALIDATION AND ADEQUACY VERIFICATION OF ORDERS 18

ARTICLE 29 18

DETERMINATION OF THE RESULTS OF THE ASCENDING OPEN AUCTION SESSION 18

ARTICLE 30 COMMUNICATION OF RESULTS 18

ARTICLE 31 19

PROCEEDS FROM AUCTIONS 19

SECTION II OPERATION OF 20

THE SECONDARY STANDARD TIME SHIFTING CONTRACT MARKET 20

ARTICLE 32 REQUEST FOR ACTIVATION OF MS-TS AUCTIONS AND PRELIMINARY INFORMATION 20

ARTICLE 33 SUBMISSION OF ORDERS INTO THE MS-TS 21

ARTICLE 34 21

VALIDATION AND ADEQUACY VERIFICATION OF ORDERS 21

ARTICLE 35 22

DETERMINATION OF THE RESULTS OF THE ASCENDING OPEN AUCTION SESSION 22

ARTICLE 36 COMMUNICATION OF RESULTS 22

SECTION III EMERGENCY CONDITIONS 24

ARTICLE 37 EMERGENCY CONDITIONS 24

TITLE IV BILLING AND INVOICING OF PAYABLES AND RECEIVABLES	25
SECTION I BILLING OF PAYABLES AND RECEIVABLES	25
ARTICLE 38	25
BILLING OF ACCEPTED ORDERS.....	25
ARTICLE 39	26
INVOICING PERIOD	26
ARTICLE 40	26
INVOICING	26
ARTICLE 41	26
INVOICE CONTENTS	26
ARTICLE 42	27
APPLICATION OF FEES FOR THE SERVICES PROVIDED BY GME.....	27
TITLE V	28
GUARANTEE SYSTEM, SETTLEMENT OF PAYMENTS, AND DEFAULT	28
ARTICLE 43	28
TREASURY SERVICES	28
ARTICLE 44	28
FINANCIAL GUARANTEES OF MARKET PARTICIPANTS.....	28
ARTICLE 45	30
AMOUNT OF THE GUARANTEE.....	30
ARTICLE 46	31
AVAILABLE AMOUNT OF THE GUARANTEE FOR PURPOSES OF ADEQUACY VERIFICATION	31
ARTICLE 47	32
CLEARING	32
ARTICLE 48	32
PAYMENTS FROM MARKET PARTICIPANTS TO GME.....	32
ARTICLE 49	33
PAYMENTS OF FEES	33
ARTICLE 50	33
PAYMENTS FROM GME TO MARKET PARTICIPANTS	33
ARTICLE 51	34
CASES OF DEFAULT BY THE MARKET PARTICIPANT	34
ARTICLE 52	34
MANAGEMENT OF DEFAULT	34
ARTICLE 53	34
SUSPENSION OF THE MARKET PARTICIPANT	34
ARTICLE 54	35
DEFAULT BY THE BANK ISSUING THE GUARANTEE	35
ARTICLE 55	35
DEFAULT INTEREST AND PENALTIES	35
TITLE VI.....	36
DISCIPLINARY MEASURES, COMPLAINTS, AND DISPUTES	36
ARTICLE 56	36
BREACHES OF THIS REGULATION AND OF THE TECHNICAL RULES.....	36
ARTICLE 57	36
DISCIPLINARY MEASURES	36
ARTICLE 58	37
GRADUATION OF DISCIPLINARY MEASURES	37
ARTICLE 59	38
SUSPENSION FOR NON-FULFILMENT OF NOTIFICATION OBLIGATIONS	38
AND NON-PAYMENT OF FEES	38
ARTICLE 60	38
PUBLICATION OF DISCIPLINARY MEASURES	38
ARTICLE 61	39
CHALLENGING DENIAL OF ADMISSION TO THE MTS AND DISCIPLINARY MEASURES	39
ARTICLE 62	40
SUBMISSION FORMALITIES AND MINIMUM CONTENTS OF COMPLAINTS ABOUT	40

RESULTS OF VALIDATION AND ADEQUACY VERIFICATIONS OF ORDERS,	40
MARKET RESULTS, AND BILLING PROCEDURES	40
ARTICLE 63 40	
COMPLAINTS ABOUT RESULTS OF VALIDATION AND ADEQUACY VERIFICATION OF ORDERS	40
COMPLAINTS ABOUT MARKET RESULTS	40
COMPLAINTS ABOUT BILLING PROCEDURES	40
ARTICLE 66 41	
COMPLAINTS ABOUT INVOICING AND SETTLEMENT PROCEDURES	41
ARTICLE 67 41	
COMPLAINT RESOLUTION.....	41
ARTICLE 68 42	
COURT OF ARBITRATION	42
ARTICLE 69 42	
SETTLEMENT OF DISPUTES	42
TITLE VII	43
TRANSITORY AND FINAL PROVISIONS	43
ARTICLE 70 43	
TRANSITORY PROVISIONS ON SETTLEMENT OF PAYMENTS	43
ARTICLE 71 44	
FUNCTIONING OF THE INFORMATION SYSTEM	44

ANNEXES

1. MARKET PARTICIPATION APPLICATION
2. MARKET PARTICIPATION AGREEMENT
3. BANK GUARANTEE
4. LETTER UPDATING THE BANK GUARANTEE

TITLE I GENERAL PROVISIONS

Article 1 **Scope and annexes**

1.1 This Regulation of the time shifting contract market (hereafter: Rules) and the documents annexed hereto, which are an integral and essential part hereof, contains the rules governing the operation of the centralised platform for trading time shifting contracts, adopted under article 18, para. 18.8 of Legislative Decree 210/21 and laid down in accordance with the criteria, terms, and conditions referred to in Resolution 247/2023/R/EEL of *Autorità di Regolazione per Energia, Reti e Ambiente* (Regulatory Authority for Energy, Networks and Environment - ARERA).

Article 2 **Definitions**

2.1 For the purposes of this Regulation, reference shall be made, where applicable, to the definitions set forth in Annex A to ARERA Resolution 247/2023/R/EEL, Annex A to ARERA Resolution 345/2023/R/EEL, as subsequently amended and supplemented, the Integrated Text of the Electricity Market Rules, and the MACSE Rules.

2.2 In this Regulation:

- a) Open ascending auction shall mean the trading mechanism involving the entry, change, and cancellation of buy orders associated with a scale of increasing prices with respect to the reserve price, as part of consecutive awarding procedures included in a single session, with a view to concluding transactions at a single price;
- b) Order book shall mean the screen report dedicated to the trading of standard time shifting contracts;
- c) Standard time shifting contract shall mean one of the standard time shifting contracts defined by TERNA under article 11 of Annex A to ARERA Resolution 247/2023/R/EEL;
- d) ARERA Resolution 247/2023/R/EEL shall mean the resolution adopted by ARERA on 6 June 2023 concerning *criteria, terms, and conditions for the operation of the system of forward procurement of electricity storage capacity in compliance with article 18 of Legislative Decree no. 210 of 8 November 2021*;
- e) ARERA Resolution 345/2023/R/EEL, as subsequently amended and supplemented, shall mean the resolution adopted by ARERA on 25 July 2023 *approving the Integrated Text of the Electricity Dispatching Rules (TIDE)*;
- f) Integrated Text of the Electricity Market Rules shall mean the rules governing the operation of the electricity market, adopted in accordance with article 5 of Legislative Decree no. 79 of 16 March 1999, Law no. 2 of 28 January 2009, article 30 of Law no. 99 of 23 July 2009, and Annex A to

ARERA Resolution 345/2023/R/EEL, as subsequently amended and supplemented;

- g) MACSE Rules shall mean the rules governing the mechanism of procurement of electricity storage capacity defined by TERNA under Legislative Decree 210/2021 and in accordance with the criteria, terms, and conditions defined by ARERA in its Resolution 247/2023/R/EEL;
- h) Legislative Decree 210/21 shall mean Legislative Decree no. 210 of 8 November 2021, *implementing Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity and amending Directive 2012/27/EU*, and *laying down provisions to align the national legislation with Regulation (EU) 2019/943 on the internal market for electricity and Regulation (EU) 2019/941 on risk-preparedness in the electricity sector and repealing Directive 2005/89/EC*, as subsequently amended and supplemented;
- i) Exclusion from the market shall mean the definitive loss of the status of market participant;
- j) Price step shall mean the amount that is added to the starting auction price with a view to holding an ascending auction in the market of standard time shifting contracts;
- k) Price level shall mean the price given by the sum of the reserve price and one or more price steps in respect of which buy orders may be entered;
- l) Market or MTS shall mean the standard time shifting contract market, consisting of the MP-TS and of the MS-TS;
- m) MACSE shall mean the mechanism of procurement of electricity storage capacity defined by TERNA under Legislative Decree 210/2021 and in accordance with the criteria, terms, and conditions defined by ARERA in its Resolution 247/2023/R/EEL;
- n) Energy markets, for the purposes of the MTS, shall mean the MGP and MI, organised and managed by GME as part of the ME;
- o) MP-TS shall mean the primary market of standard time shifting contracts, where standard time shifting contracts are traded and through which electricity storage capacity (procured by TERNA as a result of procedures carried out under the MACSE) is awarded;
- p) MS-TS shall mean the secondary market of standard time shifting contracts, where standard time shifting contracts are traded and through which market participants may sell all or part of the electricity storage capacity bought as a result of the MP-TS or within the MP-TS itself;
- q) Market participant shall mean an individual or organisation, including a PA market participant, which is admitted to trading in the MTS;
- r) Forward Account Registration Platform (PCE) shall mean the venue for registering transactions and forward schedules that is organised and managed by GME under Article 17, Annex A to ARERA Resolution 111/06, as subsequently amended and supplemented;
- s) PCE Rules shall mean the rules governing the organisation and operation of the PCE, adopted by GME under article 17, Annex A to ARERA Resolution 111/06, as subsequently amended and supplemented;
- t) Suspension from the market shall mean the temporary prohibition for a market participant to enter orders into the market.

Article 3
General principles and amendments to this Regulation

- 3.1 GME shall exercise its functions in an open and non-discriminatory way, so as to safeguard the proper functioning of the market.
- 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 this Regulation and with the Technical Rules.
- 3.3 Market participants shall adhere to common principles of fair dealing and good faith.
- 3.4 GME may propose amendments to this Regulation and notify them to the parties concerned by publishing 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 their rationale) to the approval of the Ministry of Environment and Energy Security, which shall decide after hearing the opinion of ARERA.
- 3.5 The procedure referred to in para. 3.4 above shall not apply to urgent amendments to this Regulation having the purpose of safeguarding the proper functioning of the market, or to amendments to this Regulation having the purpose of making it compliant with the applicable legislation. Any such amendment proposed by GME shall have effect as of the date of its publication on GME's website and it shall be timely submitted to the approval of the Ministry of Environment and Energy Security, which shall decide after hearing the opinion of ARERA. In case of non-approval, the amendment shall cease to have effect as of the date of notification of the Minister'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 of this Regulation shall be set out in the Technical Rules. In formulating the Technical Rules, GME shall adopt criteria of neutrality, transparency, objectivity, and competitiveness among 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 draft versions of the Technical Rules available to the parties concerned, setting a date by which such parties may submit their comments and suggestions.

Article 5
Units of measurement and rounding off

- 5.1 For the purposes of the MTS, GME shall adopt the units of measurement indicated in the Technical Rules.
- 5.2 For the purposes of the MTS, 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 accordance with the procedures and within the time limits defined in the Technical Rules, or by any other means referred to therein.

Article 7
Fees for the services provided by GME

- 7.1 For the services provided by GME in the MTS, market participants shall pay the following fees:
- a) an access fee;
 - b) a yearly fixed fee; and
 - c) a fee for the MWh corresponding to the capacity traded.
- 7.2 On a yearly basis, GME shall determine the extent of the fees referred to in para. 7.1 above, which shall be approved by ARERA and published on GME's website. The fees shall have immediate effect upon their first application and subsequently as of 1 January of the following year.

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 results that directly concern them.
- 8.2 Unless laws, regulations, or other instruments issued by authorities require the disclosure of information, GME shall publish on its website the data of transactions concluded in the MTS, in anonymous form, three months after the last day of trading of the contract to which such transactions refer.
- 8.3 GME shall only transmit to TERNA the information that is necessary for the activities falling under its responsibility.

Article 9
Communication and publication of data and information

- 9.1 Unless otherwise specified, 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 Orders entered by market participants shall be deemed to have been received on the date and at the time recorded by GME's information system. Any other communication shall be deemed to have been 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 of a communication, 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 MTS 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 MTS shall have adequate experience and competence in the use of information technology or information communication technology 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 MTS:
- 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, or for one of the violations of the privacy of electronic communications referred to in articles 617 *quater*, *quinquies*, and *sexies* of the Criminal Code, or for computer fraud as per article 640 *ter* of the Criminal Code, or for fraud against the State or other public entity 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 MTS during the sixty months preceding the submission of a new market participation application, except as provided in subparagraph c) below, and except in the cases of exclusion referred to in article 20 below;
 - c) parties that have been excluded from the MTS and towards which, on the date of submission of a new market participation application, GME still has an outstanding claim in the MTS.
- 11.3 If the party applying for admission to the MTS is an 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 A party wishing to participate in the MTS 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 1), 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 2).

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 an organisation, the party 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 abroad to measures corresponding to those that would imply the loss of the same qualifications under the Italian legal system, 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 party, a declaration in compliance with Decree no. 445 of the President of the Republic of 28 December 2000, certifying its 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 para. 13.1 above are already held by GME, the applicant shall be exempted from submitting them, but it shall submit a declaration indicating this fact, specifying the date when the documents have been originally presented 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 its admission to the market or of the rejection of its application, accompanied by the reasons for such rejection, within fifteen calendar days of receipt of the application, after verifying fulfilment of the requirements stated in article 11 above and the regularity of the submitted documents. Such notification shall be made in accordance with the modalities and within the time limits defined in the Technical Rules.
- 14.2 For the purpose of verifying fulfilment of the requirements referred to in article 11, para. 11.1 above, GME may ask the applicant to provide appropriate documents.
- 14.3 In the 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, and the date by which it shall do so. Such notification shall suspend

the time limit referred to in para. 14.1 above, which shall run again 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 TERNA to the market

15.1 With exception to article 14 above, TERNA is by right attributed the status of market participant.

15.2 An appropriate agreement between GME and TERNA shall establish the procedures for exchanging the information flows and the payables/receivables necessary for the management of the market.

Article 16
Register of MTS participants

16.1 The parties admitted to the MTS as per articles 14 and 15 above shall be entered into an appropriate Register of MTS Participants (*Elenco degli operatori ammessi al MTS*). The Register shall be created and held by GME in compliance with EU Regulation 679/2016, as subsequently amended and supplemented.

16.2 The Register of MTS Participants shall include the following data for each market participant:

- a) identification code of the market participant;
- b) full name, registered name or company name; place of residence and domicile, if different from the place of residence, or registered office; taxpayer's code; VAT number; telephone numbers; e-mail addresses; and the contact person to whom communications shall be sent and related contact details;
- c) status of the market participant: admitted, active, suspended, pending request for exclusion, excluded;
- d) bank details of the market participant;
- e) amount of financial guarantees posted in favour of GME;
- f) taxation scheme applied to the market participant.

16.3 GME shall publish on its website the following data and information about market participants:

- a) full name, registered name or company name;
- b) place of residence or registered office.

16.4 Each market participant may have access to its own data and information contained in the Register of MTS Participants.

Article 17
Data and information for participation in the MTS

- 17.1 Each market participant shall request GME to enter the data and information referred to in article 16, para. 16.2 d) above into the Register of MTS Participants according to the modalities indicated in the Technical Rules, and the data and information referred to in article 16, para. 16.2 f) above.
- 17.2 The entry of the data and information referred to in article 16, para. 16.2 e) above shall be made following the communications referred to in article 44, paras. 44.9 and 44.12, and article 45, paras. 45.5, 45.9, and 45.10 below.
- 17.3 To the request for entry of data and information as per article 16, para. 16.2 f) above, the market participant shall enclose a statement declaring its VAT taxation scheme, in accordance with the provisions of the Technical Rules.
- 17.4 To the request for entry of data and information as per article 16, para. 16.2 d) above, the market participant shall attach - for the purpose of submitting orders into the market - a declaration authorising GME to directly withdraw the amounts owed to GME from its bank account, held with financial institutions offering the SEPA Direct Debit Business to Business payment scheme, as established in the Technical Rules.
- 17.5 After receiving the requests referred to in para. 17.1 above, GME shall update the Register of MTS Participants. Any requested change shall have effect within the second working day following receipt of the request by GME.

Article 18
Request for information

- 18.1 GME shall monitor compliance with this Regulation and the Technical Rules with a view to ensuring the proper functioning of the market according to principles of neutrality, transparency, objectivity, and competitiveness among market participants. To this end, GME may request any information or document concerning the transactions carried out by market participants in the market, and also convene them for a hearing.
- 18.2 GME may verify whether market participants continue to meet the requirements for admission to the market. To this end, it may request additional documents or the updating of the documents already submitted.

Article 19
Notification Obligations

- 19.1 Market participants are required to notify GME promptly - and in any event within three working days - of the occurrence of any change in circumstances that may involve the loss or the change of their qualifications for admission to the market, or the change of any of the data and information referred to in article 16, para. 16.2 b), d), e), and f) above that they have declared and have been entered into the Register of MTS Participants.

- 19.2 GME shall update the Register of MTS Participants taking into account any notification made pursuant to para. 19.1 above.

Article 20

Exclusion from the market on request

- 20.1 For the purposes of exclusion from the MTS, market participants shall – under the modalities and within the time limits defined in the Technical Rules – hand in at or send to GME’s registered office an appropriate written request, possibly indicating the date from which exclusion is requested.
- 20.2 Exclusion from the MTS 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. 20.1 above;
 - b) the date indicated in the request referred to in para. 20.1 above.
- 20.3 If, on the date indicated in para. 20.2 above, the market participant has open contractual positions in the MTS, the date of exclusion shall run from the working day following the one on which the market participant has closed such positions.
- 20.4 The exclusion from the MTS on request shall not exempt the market participant from fulfilling obligations arising from commitments made in the MTS.
- 20.5 During any period of suspension from the MTS, the market participant cannot request exclusion under this article.

TITLE III OPERATION OF THE MARKET

Article 21 Purpose of the market

- 21.1 In the MTS, standard time shifting contracts are traded. Through these contracts, GME provides MTS participants with electricity storage capacity (procured by TERNA under the procedures laid down in the MACSE Rules) to be traded in the energy markets and on the PCE.
- 21.2 The standard time shifting contracts that are tradable in the MTS shall be defined by TERNA on the basis of the related zones, reference technology, period of validity, and other parameters identified by TERNA itself in annex 7 of the MACSE Rules.
- 21.3 In transactions of purchase and sale of time shifting contracts in the MTS, GME shall be the counterparty of market participants.
- 21.4 In agreement with TERNA, GME may propose the introduction of a system of minimum premiums in the competitive auctions referred to in para. 24.1 below; such premiums would decrease with the reduction of the periods of validity of the traded products, until reaching a zero value for competitive auctions for contracts with daily periods of validity.

Article 22 Market structure

- 22.1 The standard time shifting contract market (MTS) shall consist of:
- a) a primary market of time shifting contracts (MP-TS);
 - b) a secondary market of time shifting contracts (MS-TS).
- 22.2 In the MP-TS, standard time shifting contracts are traded through which electricity storage capacity (procured by TERNA as a result of procedures carried out under the MACSE Rules) is awarded.
- 22.3 In the MS-TS, through standard time shifting contracts traded, market participants may sell all or part of the electricity storage capacity bought as a result of the MP-TS or within the MS-TS itself.
- 22.4 In each segment of the MTS, GME shall organise at least one order book for each of the periods of validity of each technology of tradable standard time shifting contracts.
- 22.5 In addition to what is set forth in para. 22.1 above, GME may - within the MTS – organise a market dedicated to the trading of time shifting contracts in respect

of electricity storage capacity that does not make part of the storage resources mentioned in Legislative Decree 210/2021.

Article 23
Timings of market sessions

- 23.1 After receiving from TERNA the communication concerning the electricity storage capacity to be allocated through standard time shifting contracts in the MP-TS, as referred to in article 26, para. 26.1 below, GME shall publish – in accordance with the procedures and within the time limits defined in the Technical Rules – the calendar of the days and hours of the MP-TS sessions and sittings, as well as the remaining information communicated by TERNA. GME may change the above timings, also in agreement with TERNA, for specific types of contracts, in order to ensure an orderly conduct of trades, and timely notify market participants thereof.
- 23.2 In accordance with the procedures and time limits indicated in the Technical Rules, market participants holding standard time shifting contracts shall submit to GME requests for activating auction sessions of the MS-TS for the sale of the related electricity storage capacity referred to in article 32, para. 32.1 below. After receiving such requests, GME shall – under the modalities and within the time limits defined in the Technical Rules – publish the calendar of the days and hours of the MS-TS sessions and sittings, as well as the remaining information communicated by the market participants requesting such activation.

Article 24
Trading mechanism

- 24.1 Trading in the MTS shall take place under the ascending open auction mechanism.

Article 25
Definitivity of trades

- 25.1 The trades of standard time shifting contracts concluded in the MTS shall be definitive and binding - also for the purposes of the guarantee, of clearing, billing, and settlement of payables and receivables, as well as of the consequent obligations - as of the time at which buy and sell orders have been verified to be valid and adequate, and accepted in the bidding system under articles 29 and 35 below.

**SECTION I
OPERATION OF
THE PRIMARY STANDARD TIME SHIFTING CONTRACT MARKET**

***Article 26
Preliminary information for the MP-TS***

- 26.1 Within the time limits indicated in the MACSE Rules and in accordance with article 23, para. 23.1 above, GME shall receive from TERNA and publish the calendar of auctions for each type of standard time shifting contract, specifying at least the following data:
- a) the reference technology;
 - b) the market zone;
 - c) the period of validity;
 - d) the storage capacity to be allocated in the auction;
 - e) the reserve price (P).
- 26.2 Within the time of closing of the sitting of the MP-TS, GME shall receive from TERNA the list of BRPs authorised to acquire ownership of the commercial storage units (UCS) attributed by TERNA as a result of the auction session under para. 30.3 below.

***Article 27
Submission of orders into the MP-TS***

- 27.1 Buy orders shall be submitted during the trading sitting under the modalities defined in the Technical Rules, specifying at least the following data:
- a) identification code of the market participant submitting the buy order;
 - b) name of the BRP, coinciding with the market participant or with a third party with respect to the market participant submitting the order, to be associated with the UCS attributed by TERNA as a result of the auction session, pursuant to para. 30.3 below;
 - c) identification code of the session of the MP-TS for which the buy order is submitted;
 - d) capacity requested at the reserve price (P);
 - e) capacity requested at each price level.
- 27.2 The volumes covered by buy orders submitted at the reserve price and at each price level shall:
- a) not be lower than the minimum volume indicated in the Technical Rules;
 - b) not be higher than the overall storage capacity covered by the standard time shifting contract to be allocated in the auction;
 - c) be non-increasing with the increase of the corresponding price levels;
 - d) satisfy any further criteria defined in the Technical Rules.
- 27.3 Until the closing of the sitting, market participants may change or cancel buy orders entered into the order book.

Article 28
Validation and adequacy verification of orders

- 28.1 After the entry of buy orders into each order book, GME shall carry out validity and adequacy verifications in accordance with the Technical Rules, ensuring that:
- a) the market participant is not suspended;
 - b) the BRP indicated by the market participant under article 27, para. 27.1 b) above is included in the list of BRPs referred to in article 26, para. 26.2 above;
 - c) the buy order has been entered in compliance with article 27 above;
 - d) the buy order specifies the data referred to in article 27 above;
 - e) the buy order is guaranteed under article 46 below;
 - f) the order satisfies any further limits as defined by GME in the Technical Rules.
- 28.2 If the validity and adequacy verifications mentioned in this article are successful, the buy order is taken into consideration for determining the results referred to in article 29 below.
- 28.3 If the validity and adequacy verifications referred to in this article are not successful, GME's information system shall reject the buy order, notifying the market participant of the reason for rejection.

Article 29
Determination of the results of the ascending open auction session

- 29.1 GME shall hold each session in accordance with the Technical Rules and with the criteria laid down in this article.
- 29.2 To determine the results of each session, GME shall accept orders that have been verified to be valid and adequate in accordance with the Technical Rules and in such a way that:
- a) the net value of transactions is maximum, provided that the capacity covered by buy orders is not higher than the capacity to be allocated;
 - b) the remuneration price of accepted orders is equal to the price determined in compliance with the Technical Rules.

Article 30
Communication of results

- 30.1 At the end of each session, GME shall communicate to TERNA:
- a) the accepted orders divided by awardee market participant;
 - b) the name of the BRP, indicated by the awardee market participant, to be associated with the UCS attributed by TERNA under para. 30.3 below;
 - c) the remuneration price of each accepted order.

- 30.2 Within the same timings as those referred to in para. 30.1 above, GME shall communicate to each awardee market participant, in accordance with the modalities and within the time limits indicated in the Technical Rules:
- a) the accepted buy orders;
 - b) the price of valuing of each accepted order;
 - c) the rejected orders and the reason for rejection.
- 30.3 After the results referred to in para. 30.1 above have been communicated, TERNA shall communicate to GME the information concerning the corresponding UCS that TERNA has attributed to each BRP, under the modalities laid down in the Dispatching Rules, in the Integrated Text of the Electricity Market Rules, and in the PCE Rules.

Article 31
Proceeds from auctions

- 31.1 GME shall transfer to TERNA the proceeds from MP-TS auctions under the procedures and within the time limits defined in article 50 below.

**SECTION II
OPERATION OF
THE SECONDARY STANDARD TIME SHIFTING CONTRACT MARKET**

**Article 32
*Request for activation of MS-TS auctions and preliminary information***

- 32.1 Market participants holding time shifting contracts may request GME – under the procedures and within the time limits set forth in the Technical Rules – to activate auction sessions in the MS-TS for the sale of all or part of the storage capacity covered by such contracts, indicating for such purpose:
- a) the storage capacity to be sold;
 - b) the reserve price (P) for the sale.
- 32.2 The sale of storage capacity in the MS-TS shall take place by trading:
- a) the same type of time shifting contract to which the storage capacity covered by the request for sale refers, in accordance with the Technical Rules, if GME receives the request for activation of the MS-TS session before the start of the period of validity of such contract;
 - b) time shifting contracts having a duration shorter than that of the time shifting contract to which the storage capacity covered by the request for sale refers, as defined in the MACSE Rules, and which, under the cascading mechanism and the Technical Rules, cover the remaining period of validity of such time shifting contract, if GME receives the request for activation of the MS-TS session after the start of the period of validity of the contract to which the storage capacity covered by the request for sale refers.
- 32.3 After receiving the request for sale referred to in para. 32.1 above and if the market participant holding the time shifting contract has specified in the MS-TS a reserve price (P) lower than the buying price in the MTS, GME shall carry out adequacy verifications as established in the Technical Rules, ensuring that the order is guaranteed under article 46 below. If the latter adequacy verification is not successful, the request for sale shall be rejected.
- 32.4 In the cases referred to in para. 32.2 b) above and for the purposes of para. 32.3 above, the buying price in the MTS shall be adjusted for the remaining period of the contract to be traded in the MS-TS as established in the Technical Rules.
- 32.5 After receiving the request mentioned in para. 32.1 above, GME shall verify whether the information indicated therein is compliant with the provisions of paras. 32.3 and 32.4 above; if this verification is successful, GME shall publish the calendar of auctions for each type of standard time shifting contract in accordance with article 23, para. 23.2 above, specifying at least the following data:
- a) the reference technology;
 - b) the market zone;
 - c) the period of validity;
 - d) the storage capacity to be sold;

- e) the reserve price (P);
 - f) the corresponding time shifting contract to which the request for sale refers;
 - g) the buying price of the time shifting contract in the MTS covered by the sale.
- 32.6 Within the time of closing of the MS-TS sitting, GME shall receive from TERNA the list of BRPs authorised to acquire ownership of the UCS transferred by TERNA as a result of the auction session under para. 36.3 below.

Article 33
Submission of orders into the MS-TS

- 33.1 Buy orders shall be entered during the trading sitting according to the modalities defined in the Technical Rules; they shall specify at least the following data:
- a) identification code of the market participant submitting the buy order;
 - b) name of the BRP, coinciding with the market participant or with a third party with respect to the market participant submitting the order, to be associated with the UCS transferred by TERNA as a result of the auction session pursuant to para. 36.3 below;
 - c) identification code of the session of the MS-TS for which the buy order is submitted;
 - d) capacity requested at the reserve price (P);
 - e) capacity requested at each price level.
- 33.2 The volumes covered by buy orders submitted at the reserve price (P) and at each price level shall:
- a) not be lower than the minimum volume indicated in the Technical Rules;
 - b) not be higher than the overall storage capacity covered by the standard time shifting contract to be allocated in the auction;
 - c) be non-increasing with the increase of the corresponding price levels;
 - d) satisfy any further criteria defined in the Technical Rules.
- 33.3 Until the closing of the sitting, market participants may change or cancel buy orders entered into the order book.

Article 34
Validation and adequacy verification of orders

- 34.1 After the entry of buy orders into each order book, GME shall carry out validity and adequacy verifications in accordance with the Technical Rules, ensuring that:
- a) the market participant is not suspended;
 - b) the BRP indicated by the market participant under article 33, para. 33.1 b) above is included in the list of BRPs referred to in article 32, para. 32.6 above;
 - c) the buy order has been entered in compliance with article 33 above;
 - d) the buy order specifies the data referred to in article 33 above;
 - e) the buy order is guaranteed under article 46 below;

- a) the order satisfies any further limits as defined by GME in the Technical Rules.
- 34.2 If the validity and adequacy verifications mentioned in this article are successful, the buy order is taken into consideration for determining the results referred to in article 35 below.
- 34.3 If the validity and adequacy verifications mentioned in this article are not successful, GME's information system shall reject the buy order, notifying the market participant of the reason for rejection.

Article 35

Determination of the results of the ascending open auction session

- 35.1 GME shall hold each session in accordance with the Technical Rules and with the criteria laid down in this article.
- 35.2 To determine the results of each session, GME shall accept orders that have been verified to be valid and adequate in accordance with the Technical Rules and in such a way that:
 - a) the net value of transactions is maximum, provided that the capacity covered by accepted buy orders is not higher than the capacity to be sold;
 - b) the remuneration price of accepted orders is equal to the price determined in compliance with the Technical Rules.

Article 36

Communication of results

- 36.1 At the end of each session, GME shall communicate to TERNA the accepted orders, specifying:
 - a) the market participant selling the time shifting contract;
 - b) the market participant/s buying the time shifting contract and qualifying as owners of the contract being traded, or of the time shifting contracts in the case referred to in article 32, para. 32.2 b) above;
 - c) the name of the BRP, indicated by the buying market participant/s, to be associated with the UCS transferred by TERNA under para. 36.3 below.
- 36.2 Within the same timings as those referred to in para. 36.1 above, GME shall communicate to each buying market participant, in accordance with the modalities and within the time limits indicated in the Technical Rules:
 - a) the accepted buy orders;
 - b) the remuneration price of each accepted order;
 - c) the rejected orders and the reason for rejection.

36.3 After the results referred to in para. 36.1 above have been communicated, TERNA shall communicate to GME the information concerning the transfer of the UCS from the selling market participant to the buying market participant/s that TERNA has attributed to each BRP, under the modalities laid down in the Dispatching Rules, in the Integrated Text of the Electricity Market Rules, and in the PCE Rules.

**SECTION III
EMERGENCY CONDITIONS**

***Article 37
Emergency conditions***

- 37.1 Emergency conditions shall be the following:
- a) the case where GME is unable to receive orders submitted by market participants, or where GME does not receive preliminary information from TERNA under the modalities referred to herein;
 - b) the case where GME is unable to determine the results of a market session;
 - c) the case where GME is unable to communicate to market participants and to TERNA the results of a market session.
- 37.2 If the case referred to in para. 37.1 a) above occurs, GME shall notify market participants and TERNA of the occurrence of the emergency condition and of the new opening time of the MTS trading session, under the modalities indicated in the Technical Rules. If, by the new opening time of the trading session, the emergency condition persists, GME shall temporarily suspend market transactions.
- 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 MTS and notify market participants and TERNA of the occurrence of the emergency condition.

**TITLE IV
BILLING AND INVOICING OF PAYABLES AND RECEIVABLES**

**SECTION I
BILLING OF PAYABLES AND RECEIVABLES**

***Article 38
Billing of accepted orders***

- 38.1 At the end of each session of the MTS, or as soon as all the necessary data is available, GME shall determine the values of the following payables and receivables, increased by VAT, where chargeable, and notify them to each market participant:
- a) purchase transactions;
 - b) sale transactions.
- 38.2 At the end of each invoicing period, GME shall determine the values of the following purchases and sales and notify them to each market participant:
- a) purchases concluded under para. 38.1 a) above;
 - b) sales concluded under para. 38.1 b) above.

SECTION II INVOICING OF PAYABLES AND RECEIVABLES

Article 39 Invoicing Period

- 39.1 The invoicing period for the billed payables and receivables arising in the MTS shall be specified in the Technical Rules.

Article 40 Invoicing

- 40.1 For each invoicing period, according to modalities and within the timings specified in the Technical Rules, GME shall:
- a) issue invoices for the amounts specified in article 38, para. 38.2 a) above to each market participant in debit towards GME;
 - b) notify each market participant in credit towards GME of the amounts referred to in article 38, para. 38.2 b) above;
 - c) issue invoices to each market participant for the fees due for the MWh corresponding to the traded capacity as per article 7, para. 7.1 c) above.
- 40.2 Following the notifications referred to in para. 40.1 b) above, market participants shall issue invoices to GME for the specified amounts.
- 40.3 The time periods and formalities for issuing invoices to GME, as set forth in para. 40.2 above, for the purposes of the provisions of article 47 below, shall be specified in the Technical Rules.
- 40.4 The invoices and notifications referred to in para. 40.1 above shall be provided to market participants by electronic means according to the modalities set forth in the Technical Rules.

Article 41 Invoice contents

- 41.1 For each of the markets making up the MTS, the invoices and notifications referred to in article 40, para. 40.1 above, shall include at least the following data, where applicable:
- a) type of contracts traded;
 - b) volumes of accepted orders;
 - c) price at which the volumes referred to in subparagraph b) above have been valued;
 - d) taxes applied;
 - e) total amount.
- 41.2 The provisions of para. 40.1 above shall not apply to the invoices mentioned in article 40, para. 40.1 c) above.

- 41.3 The invoices referred to in article 40, para. 40.1 c) above shall include at least the following data:
- a) volumes of accepted orders;
 - b) fees applied for the MWh traded;
 - c) taxes, where applicable;
 - d) total amount.

Article 42

Application of fees for the services provided by GME

- 42.1 The access fee and the yearly fixed fee, referred to in article 7, para. 7.1 a) and b) above, respectively, and increased by VAT (where chargeable) shall be invoiced in accordance with the modalities and within the time limits defined in the Technical Rules.

TITLE V
GUARANTEE SYSTEM, SETTLEMENT OF PAYMENTS, AND DEFAULT

SECTION I
GUARANTEE SYSTEM

Article 43
Treasury services

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

Article 44
Financial guarantees of market participants

44.1 In order to cover the obligations that they intend to take in the market, market participants shall post financial guarantees, which may be cumulated with one another, in the form of first-demand bank guarantees under para. 44.2 below, according to the format of Annex 3 hereto.

44.2 First-demand bank guarantees must be issued by banking institutions that are members of the bank register (*Albo*) referred to in article 13 of Legislative Decree no. 385 of 1 September 1993, and that have a long-term rating, attributed by at least one of the following rating companies: Standard & Poor's Rating Services, Moody's Investor Service, Fitch and DBRS. The rating shall not be lower than BBB- of the Standard & Poor's scales or Fitch or Baa3 of the scale of Moody's Investor Service or BBB low of the DBRS scale.

44.3 Alternatively to or cumulative to the guarantees posted in the form of bank guarantees pursuant to para. 44.1 above, market participants may post guarantees in the form of a non-interest bearing cash deposit, to be paid into the bank account held by GME with the bank in charge of its treasury services in accordance with the provisions of the Technical Rules. PA market participants shall post guarantees exclusively in the form of a non-interest-bearing cash deposit, to be paid into the bank account held by GME with the bank in charge of its treasury services referred to in article 43 above, in accordance with the provisions of the Technical Rules.

44.4 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. 44.2 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 para. 44.2 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 enforcing the bank guarantee, the issuing bank is in default or in the position referred to in subparagraph a) above, then the company shall guarantee the fulfilment of the obligation undertaken by its controlled company.
- 44.5 If the bank issuing the guarantee or the controlling company that has issued the statement mentioned in para. 44.4 above no longer meets one or both of the requirements specified in para. 44.2 above, or if the controlling company loses the control of the bank issuing the bank guarantee as per art. 2359, paras. 1 and 2 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.
- 44.6 The bank guarantee and the statement mentioned in para. 44.4 above shall be submitted to the bank in charge of GME's treasury services referred to in article 43 above.
- 44.7 By the end of the working day following the one on which the bank guarantee and the statement mentioned in para. 44.4 above have been submitted, the bank in charge of GME's treasury services shall verify whether the guarantee is complete and conforms to the format attached hereto, whether it has been issued by a bank meeting the requirements specified in para. 44.2 above, and whether the statement issued by the controlling company has the content referred to in para. 44.4 a) and b) above.
- 44.8 Within the time period specified in para. 44.7 above, the bank in charge of GME's treasury services shall notify the market participant and GME of any deficiencies identified upon the verification of the submitted bank guarantee or of the statement mentioned in para. 44.4 above.
- 44.9 If the verification has a positive outcome, the bank in charge of GME's treasury services shall notify GME, within the time period specified in para. 44.7 above, of the amount covered by the bank guarantee, of the period of validity of the guarantee, and of the period of validity of the statement mentioned in para. 44.4 above.
- 44.10 The market participant may dispute the results of the verification carried out by the bank in charge of GME's treasury services by filing an appeal with the Court of Arbitration pursuant to Article 68 below.
- 44.11 The amount covered by the bank guarantee and by the statement referred to in para. 44.4 above shall be valid and effective within the second working day following the day on which GME has received the notification referred to in para. 44.9 above.
- 44.12 The amount guaranteed by the non-interest-bearing cash deposit shall be valid and effective within the second working day following the one on which such deposit has been credited to the account of GME 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 45
Amount of the guarantee

- 45.1 The amount of the guarantee (whether a bank guarantee or a non-interest-bearing cash deposit) taken into consideration for the adequacy verification is determined by the market participant based on the orders that it wishes to submit.
- 45.2 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 4 hereto, or a new bank guarantee to the bank in charge of GME's treasury services.
- 45.3 By the end of the working day following the presentation of the letter updating the bank guarantee, the bank in charge of GME's treasury services shall verify whether the letter conforms to the specified format.
- 45.4 Within the time limit specified in para. 45.3 above, the bank in charge of GME's treasury services shall notify the market participant and GME of any deficiencies noted upon the verification of the submitted updating letter.
- 45.5 If the verification has a positive outcome, the bank in charge of GME's treasury services shall notify GME, within the time limit referred to in para. 45.3 above, of the new guaranteed amount and of the date from which the new value shall apply.
- 45.6 The new bank guarantee and the updating letter shall be verified according to the provisions contained in article 44 above.
- 45.7 Without prejudice to paras. 45.8 and 45.9 below, the modification of the guaranteed amount shall take effect within the second working day following that on which GME receives the notification referred to in paragraph 45.5 above; or from the date specified by the market participant in the notification referred to in paragraph 45.5 above, provided that such date falls after the second working day following that on which GME receives such notification.
- 45.8 If the request for modification referred to in para. 45.2 above concerns a reduction of the guaranteed amount, the acceptance of such request shall be subject to 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 adequacy verifications.
- 45.9 The market participant may at any time request the return of the bank guarantees posted pursuant to the provisions of this Regulation. The acceptance of this request shall be subject to GME's positive verification of the amounts for which the requesting market participant is a debtor. If the verification is positive, GME shall notify the market participant of the immediate validity of the requested modifications for the purposes of

adequacy verifications. GME shall return the bank guarantee in accordance with the procedures laid down in the Technical Rules.

- 45.10 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 non-interest bearing cash deposit. The market participant may ask for refund (even partial) of the deposited amount provided that, after this modification, the market participant's position is entirely guaranteed. If the verification is positive, the decrease of the guaranteed amount shall be immediately valid for the purposes of adequacy verifications. GME shall refund the deposit as provided for in the Technical Rules. If the market participant requests an increase of the amount of the guarantee, it shall deposit the related amount into the account held by GME with the bank in charge of its treasury services, according to the modalities described in the Technical Rules. 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 within 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 GME's treasury services.

Article 46

Available amount of the guarantee for purposes of adequacy verification

- 46.1 GME shall determine and update the available amount of the guarantee in accordance with the modalities and time limits defined in the Technical Rules.
- 46.2 If the guarantee, updated under the modalities indicated in the Technical Rules, is not sufficient, the market participant shall adjust the guaranteed amount in accordance with the modalities and within the time limits defined in the Technical Rules. Pending the adjustment of the guaranteed amount, the market participant shall not be allowed to conclude trades giving rise to an increase in its exposure towards GME, as established in the Technical Rules.
- 46.3 GME shall determine and update the available amount of the guarantee and carry out the adequacy verifications in accordance with the modalities defined in the Technical Rules and with the following principles:
- a) in order to establish an adequate maintenance margin, the amount of the posted guarantees shall be reduced by an amount determined according to the terms and conditions defined in the Technical Rules;
 - b) buy and sell orders entered into the MTS shall be deemed to be adequate if the guarantees cover the payables arising therefrom to the extent indicated in the Technical Rules.
- 46.4 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 47 Clearing

- 47.1 The settlement period shall be defined by GME in the Technical Rules.
- 47.2 For each settlement period and for each market participant, GME shall determine, in accordance with the modalities and within the time limits specified in the Technical Rules, the net financial position of debit or credit towards GME, relating to the balance of payables/receivables arising from purchase and sale transactions concluded in the MTS.
- 47.3 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. 47.2 above, which form the basis for making payments according to the provisions and within the time limits specified in articles 48 and 50 below.

Article 48 Payments from market participants to GME

- 48.1 As a result of the determinations referred to in article 47 above:
- a) non-PA market participants qualifying as debtors towards GME shall settle with the bank in charge of GME's treasury services the amounts due to GME, as determined and notified by GME under article 47, para. 47.3 above, according to the procedures and within the time limits specified in the Technical Rules;
 - b) GME shall satisfy its receivables due by debtors PA market participants in accordance with the procedures and within the time limits defined in the Technical Rules, by using their available cash deposit provided as per article 44, para. 44.3 above, until reaching the amount of such receivables.
- 48.2 If the payment of the amount due is not settled with the bank in charge of GME's treasury services in accordance with the modalities referred to in para. 48.1 a) above, market participants qualifying as debtors towards GME may pay the amount due to the bank in charge of GME's treasury services, after adding to such amount default interest and a penalty, to be determined under the criteria and to the extent indicated in Article 55 below, according to the provisions and within the time periods specified in the Technical Rules.
- 48.3 If the payment of the amount due is not totally settled with the bank in charge of GME's treasury services in accordance with the modalities set out in para. 48.2 above, GME shall apply the default procedure referred to in Section III below.

Article 49
Payments of fees

- 49.1 The amounts specified in article 40, para. 40.1 c) and article 42 above shall be paid by market participants in accordance with the procedures and within the time limits specified in the Technical Rules.

Article 50
Payments from GME to market participants

- 50.1 Payments to market participants qualifying as creditors towards GME as a result of the determinations referred to in article 47 above shall be made according to the provisions of this article.
- 50.2 After receiving the payments referred to in article 48, para. 48.1 above, GME shall make payments to market participants qualifying as creditors towards GME after the determinations referred to in article 47 above, in accordance with the modalities and within the time limits established in the Technical Rules.
- 50.3 After receiving the payments referred to in article 48, para. 48.2 above, GME shall make payments to market participants that qualify as creditors towards GME after the determinations referred to in article 47 above, in accordance with the modalities and within the time limits established in the Technical Rules.
- 50.4 After receiving the payments referred to in article 48, para. 48.3 above, GME shall make *pro quota* payments to market participants qualifying as creditors towards GME after the determinations referred to in article 47 above, under the modalities and within the time limits established in the Technical Rules.
- 50.5 If, by its own fault, GME fails to make payments to market participants qualifying as creditors within the time limits provided for in this article, GME shall pay interest to such market participants at the rate posted on GME's website.

SECTION III DEFAULT

Article 51 Cases of default by the market participant

- 51.1 An MTS market participant shall be deemed to be in default, if it:
- a) does not adjust the guarantee as per article 46 above;
 - b) has not made the payments to GME in accordance with article 48, para. 48.2 above.

Article 52 Management of Default

- 52.1 In the cases of default referred to in article 51 above, GME shall:
- a) suspend the market participant from the MTS;
 - b) enforce the guarantees posted under Section I of this Title;
 - c) close the contractual time shifting positions of the defaulting market participant in the cases referred to in the Technical Rules and pursuant to the modalities and within the time limits established therein, and notify TERNA thereof so that the latter may remove the corresponding UCS pertaining to the positions being closed.
- 52.2 If the guarantees enforced in compliance with para. 52.1 b) above are insufficient to cover the debt of the defaulting market participant or if the bank issuing the guarantee defaults on its obligations under article 54 below, the credits of market participants towards GME shall be proportionally reduced by an overall amount equal to the amount of the unpaid debt. In this case, creditor market participants may not claim any right or make any claim against GME for the part of the credit not satisfied.
- 52.3 GME shall initiate the ordinary judicial proceedings needed to recover the amounts due by the defaulting market participant or by the bank issuing the guarantee. The possibly recovered amounts shall be paid *pro quota* to creditor market participants.

Article 53 Suspension of the market participant

- 53.1 Without prejudice to para. 53.2 below, GME shall revoke the suspension of the market participant referred to in article 52, para. 52.1 a) above, if the cause for the related suspension ceases to exist.
- 53.2 Six months after the suspension of the market participant, GME shall exclude the same market participant from the MTS.

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 if, after receiving a request for enforcement of such guarantee, the bank issuing the guarantee fails to make the consequent payment within the time limit indicated therein, such bank guarantee and 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 enforcement of the bank guarantee, the bank issuing the guarantee fails to make the consequent payment within the time limit indicated therein, GME shall not accept any new bank guarantee issued by the same bank for the purposes of article 44 above. If the bank issuing the guarantee 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 44 above, until a maximum period of twelve months from the date of the late fulfilment.

Article 55
Default interest and penalties

- 55.1 In case of enforcement of the guarantees, the amount owed by the debtor market participant shall be increased by a penalty, by default interest as specified in para. 55.2 below, as well as by the related enforcement fees, if the guarantee has been posted in the form of a bank guarantee.
- 55.2 Default interest shall be determined by applying the legal interest rate to the financial net position, as referred to in article 47, para. 47.2 above, owed by the market participant.
- 55.3 The default interest referred to in para. 55.2 above shall be applied 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 48, para. 48.2 above;
 - b) the number of days elapsing from the deadline specified in article 48, para. 48.1 above to the day on which the bank issuing the guarantee pays to GME the amount of the enforced guarantee, if the bank guarantee is enforced.
- 55.4 The penalty referred to in para. 55.1 above shall be equal to one per cent and applied to the cases of late payment and failure to make the payment identified in the Technical Rules.

TITLE VI
DISCIPLINARY MEASURES, COMPLAINTS, AND DISPUTES

SECTION I
BREACHES AND DISCIPLINARY MEASURES

Article 56
Breaches of this Regulation and of the Technical Rules

- 56.1 The following behaviours shall be considered as breaches of this Regulation and of the Technical Rules:
- a) negligence, imprudence, and unskilfulness in the use of the systems of communication and entry of orders;
 - 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 third market participants, in particular as regards the codes of access to GME's information system, any other data necessary for such access, and the contents of orders submitted by third market participants to GME, except in the fulfilment of obligations arising from laws, regulations, or decisions adopted by the relevant authorities;
 - d) any attempted access and/or unauthorised access to restricted areas of GME's information system;
 - e) any use for fraudulent purposes of the systems of communication and entry of orders;
 - f) any other conduct contrary to common principles of fair dealing and good faith referred to in article 3, para. 3.3 above.

Article 57
Disciplinary Measures

- 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 any 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 breach;
 - b) a pecuniary penalty;
 - c) the suspension of the market participant from the market;
 - d) the exclusion of the market participant from the market.
- 57.2 Where the disciplinary measure of the pecuniary penalty is applied and the market participant does not pay the penalty within six months of the date of notice of such disciplinary measure, GME may suspend the market participant from the market until payment of the previously applied pecuniary penalty.
- 57.3 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.

- 57.4 If 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 possibly submit pleadings and documents, and request a hearing.
- 57.5 If the market participant requests a hearing or if GME deems it necessary, 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 the collected evidence. In case of postponement of the hearing, the latter cannot in any case take place after the tenth day following the date originally set for the same.
- 57.6 Based on the collected evidence, GME shall adopt a disciplinary measure or dismiss the case within thirty days of the hearing or, if the latter has not been requested or has not been deemed necessary by GME, within thirty days of the notice referred to in para. 57.4 above.
- 57.7 Where the alleged breaches are such as to seriously threaten the proper operation of the market, GME may, on a precautionary basis, suspend the market participant from the market for the period of time necessary to examine the case.
- 57.8 The disciplinary measure and the reasons for it, or the decision to dismiss the case, shall be notified to the market participant concerned. The possible disciplinary measure adopted shall be notified to the Ministry of Environment and Energy Security.

Article 58
Graduation of disciplinary measures

- 58.1 Where the breaches are due to the fault of the market participant, GME may adopt the following disciplinary measures:
- a) a private written notice of the breach;
 - b) suspension from the market for a minimum period of five days and a maximum period of one month. In case of recurrence of the breach, 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 suspend the market participant 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 suspension from the market shall be of one year.
- 58.3 If the breach is due to the intentional wrongdoing of the market participant, GME may apply the following disciplinary measures:
- 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 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 apply the following disciplinary measures:
- 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 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 b), 58.2, 58.3 a), and 58.4 a) above, GME may impose a pecuniary penalty of a minimum of twenty thousand/00 euro and a maximum of one hundred million/00 euro, determined on the basis of the extent and severity of the damage resulting from the breach. If the market participant has failed to make the payment of the pecuniary penalty within six months of the date of notice of such disciplinary measure, GME may also suspend the market participant from the market until the date of payment of the pecuniary penalty previously adopted.

Article 59
Suspension for non-fulfilment of notification obligations
and non-payment of fees

- 59.1 In addition to the cases covered by articles 52 and 58 above, GME shall suspend the market participant from the market or impose the pecuniary penalty referred to in article 58, para. 58.5 above in the following cases:
- a) where the market participant does not fulfil its obligation of notification as per article 19, para. 19.1 above, or the information reported pursuant to article 19, para. 19.1 above does not allow GME to find the market participant or the latter does not supply the information or the documents required pursuant to article 18, para. 18.2 above. The suspension shall have effect until the date on which GME receives the notice mentioned in article 19, para.19.1 above or the information or documents referred to in article 18, para. 18.2 above, or until the date on which the market participant can be found based on the information reported pursuant to article 19, para. 19.1 above;
 - b) where the market participant fails to pay the fees specified in article 7 above, according to the provisions of article 49 above. The suspension shall have effect until the date on which the market participant fulfils such obligations and, in any event, for a period not exceeding six months; if, upon expiry of such period, the market participant has not paid the fees, the market participant shall be excluded from the market.

Article 60
Publication of disciplinary measures

- 60.1 GME shall announce in anonymous form the adoption of the disciplinary measures referred to in article 57, para. 57.1 b), c), and d) above, by publishing the same, with the exception of their confidential parts, on its website, after at least thirty days from the notification of the disciplinary

measure to the market participant concerned, unless the case has been brought before the Court of Arbitration. In the latter case, the adoption of the disciplinary measures is made public only if it has been confirmed by the Court of Arbitration.

Article 61

Challenging denial of admission to the MTS and disciplinary measures

- 61.1 Without prejudice to article 69 below, the applicant or market participant may file an appeal with the Court of Arbitration against the denial of admission to the market or the disciplinary measures applied under article 57, para. 57.1 above. To be admissible, the arbitration procedure shall be initiated within thirty days of the related notice of denial or disciplinary measure.

SECTION II COMPLAINTS

Article 62

Submission formalities and minimum contents of complaints about results of validation and adequacy verifications of orders, market results, and billing procedures

- 62.1 Complaints relating to the results of the validations and verifications referred to in articles 28 and 34 above, respectively, the results of each of the MTS markets, as well as the billing procedures referred to in article 38 above, shall be submitted, to be admissible, 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 Each complaint shall include, to be admissible, the following elements:
- a) identification code of the order being disputed, as assigned by GME's information system, or any other reference uniquely identifying such order;
 - b) decision of GME being disputed;
 - c) concise description of the grounds for the complaint.

Article 63

Complaints about results of validation and adequacy verification of orders

- 63.1 The market participant may dispute the results of the validations and verifications referred to in articles 28 and 34 above, by sending a notification to GME within 60 minutes of GME's decision.

Article 64

Complaints about market results

- 64.1 The market participant may dispute the results of the MTS markets, namely the results of the process of acceptance of orders and of determination of the prices at which they have been valued, by sending a notification to GME within 60 minutes of GME's decision.

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 by 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 and settlement procedures

- 66.1 The market participant may dispute the results of the invoicing procedures referred to in Title IV, Section II, or the determinations referred to in Title V, Section II, by sending a notification to GME according to the modalities and within the time limits defined in the Technical Rules; otherwise the complaint shall not be admissible.
- 66.2 In the case referred to in para. 66.1 above, GME shall undertake the actions specified in the Technical Rules in accordance with the procedures and within the time limits indicated therein. Default interest shall be paid on the amounts payable after complaint resolution; the extent of the default interest shall be calculated according to the provisions of Article 55 above.

Article 67
Complaint resolution

- 67.1 GME shall notify the market participant concerned of the outcome of the verification of the complaints specified in 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 a complaint brought as specified in articles 63 and 64 above is upheld because GME is responsible for errors or omissions, GME shall pay to the market participant concerned a compensation equal to a maximum of ten thousand/00 euro.
- 67.3 The acceptance of GME's compensation pursuant to para. 67.2 above shall imply the market participant's waiver of the dispute settlement remedies referred to in Section III of this Title.
- 67.4 The compensation limit 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 proceedings referred to in articles 68 and 69, para. 69.2 below.
- 67.5 If a complaint brought as specified in article 65 above is upheld, GME shall make the related adjustments.
- 67.6 In the event that a complaint as per article 66 above is accepted, GME shall make the consequent adjustments according to the provisions of the Technical Rules.
- 67.7 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 this Regulation 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 the members appointed by the 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 article 806 *et seq.* of the Civil Procedure Code.
- 68.4 The Court of Arbitration shall be based in Rome at GME's registered office.
- 68.5 If the market participant does not accept the result of verification of the complaints referred to in article 67 above, it may file an appeal with the Court of Arbitration. In such case and also against the result of the verification of the financial guarantees referred to in article 44, para. 44.10 above, or against the outcome of the verification of the updating letter referred to in article 45, para. 45.6 above, the arbitration proceedings shall be instituted within 30 days of notification of the outcome of the verifications being disputed; otherwise, they shall be inadmissible.

Article 69 Settlement of Disputes

- 69.1 In addition to the cases referred to in article 52, para. 52.3 above, disputes concerning failure to make payments, including partial payments, for the following items shall be subject to the exclusive jurisdiction of Italian judges:
- a) fees referred to in article 7, para. 7.1 above;
 - b) amounts referred to in article 57, para. 57.1 b) above;
 - c) amount referred to in article 58, para. 58.5 above.
- 69.2 Without prejudice to the provisions of para. 69.1 above and as an alternative to what is provided in article 68 above, on request of one of the parties concerned, disputes between GME and market participants and between market participants shall be settled through arbitration proceedings in accordance with the provisions of ARERA under article 2, para. 24 b) of Law no. 481 of 14 November 1995.

TITLE VII
TRANSITORY AND FINAL PROVISIONS

SECTION I
TRANSITORY PROVISIONS

Article 70
Transitory provisions on settlement of payments

- 70.1 Until further notice, the settlement of payments by debtor market participants as referred to in article 48, para. 48.1 a) above shall be transiently made through an urgent SEPA Credit Transfer or equivalent procedure, according to the modalities and within the time limits established in the Technical Rules.
- 70.2 During the transitory period mentioned in the previous paragraph, the provision of article 17, para. 17.4 above shall not apply.

**SECTION II
FINAL PROVISIONS**

***Article 71
Functioning of the information system***

- 71.1 GME may suspend, postpone, or close in advance a market sitting or session in case of malfunctioning of its information system.

- 71.2 With a view to guaranteeing and safeguarding the proper technical functioning and an efficient use of GME's information system, as well as, in general, the regular operation of the market, GME may impose limits to the entry, cancellation, and change of 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.