

## Technical Rule no. 07 Rev. 04 MGAS

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

<b>Title</b>	<b>Types of Contracts, Duration of the Trading Period and Cascading Mechanism</b>
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Reference Legislation	Article 2, para. 2.1, subpara. r), Article 28, para. 28.3; Article 55, para. 55.2 and Article 60, para. 60.1 – MGAS Rules
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In force since...(\*)

(\*) for MGAS operations starting from the gas-day....

## 1. Foreword

Article 2, para. 2.1, subpara. I), of the MGAS Rules provides that forward contracts admitted to trading in the MT-GAS shall be defined in the Technical Rules.

Articles 28, para. 28.3 of the MGAS Rules, provides that the contracts traded in the MP-GAS and the duration of the trading period of these type of contracts shall be defined in the Technical Rules.

Article 55, para. 55.2 of the MGAS Rules provides that the list of forward contracts and the duration of their trading period shall be defined in the Technical Rules.

Article 60 of the MGAS Rules provides that, after their trading period, forward contracts shall be settled under the cascading mechanism in accordance with the procedures and within the time limits defined in the Technical Rules. The same Article also provides that, under the above-mentioned mechanism, the contractual positions held on each forward contract shall, at the end of the corresponding trading period, be replaced by equivalent contractual positions with shorter delivery periods.

## 2. Types of contracts tradable in the MGAS

By 15 December of each year, GME will publish – on its website and in the SIMGAS (information system of the gas market) – the reference timetable for trades in the MGAS (hereinafter: reference timetable), which will also consider the UK timetable<sup>1</sup>. Using the same procedure, GME will publish any change to the reference timetable in advance.

The following contracts are tradable in the MGP-GAS:

- a) daily contracts with a delivery period corresponding to the gas-day (hereinafter: daily contracts);
- b) weekend contracts with a delivery period equal to single consecutive gas-days, corresponding to the set of the days of Saturday and Sunday and of the additional holidays (under the reference timetable) immediately preceding and/or following Saturday and Sunday;
- c) Working Days Next Week contracts with a delivery period equal to the single consecutive midweek gas-days, corresponding to the set of the days from Monday to Friday, except for the holidays (under the reference timetable) preceding and/or following Saturday and Sunday.

In the MI-GAS, daily contracts are tradable.

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<sup>1</sup> The UK timetable is available at <https://www.gov.uk/bank-holidays>.

In the MT-GAS, the following contracts are tradable:

- a) yearly contracts with a delivery period equal to the calendar year (from January to December);
- b) half-yearly contracts with a delivery period equal to the winter half-year (from October to March) and to the summer half-year (from April to September);
- c) quarterly contracts with a delivery period equal to the first, second, third and fourth quarter of each year;
- d) monthly contracts with a delivery period equal to each calendar month;
- e) BoM contracts.

### 3. Trading period

The following contracts are traded in the MGAS:

- 3 daily contracts in the MGP-GAS (G+1, G+2, G+3): the three gas-days after the gas-day G on which the market session takes place;
- additional daily contracts G+i (with  $i > 3$ ), if the market session takes place on a working gas-day G according to the reference timetable, followed by at least three holidays according to the same timetable. In this case, the daily contracts refer to the delivery days following G+3 and include the first working gas-day following the last of the holidays according to the reference timetable;
- 1 weekend (WE) contract in the MGP-GAS (Saturday and Sunday and, if there are holidays according to the reference timetable, the holidays that, according to the same timetable, immediately precede or follow Saturday and Sunday);
- 1 working days next week (WK/DY NW) contract in the MGP-GAS, consisting of single consecutive gas-days from Monday to Friday of the week following the one in which the contract is traded (excluding possible holidays, under the reference timetable, preceding and/or following Saturday and Sunday);
- 1 daily contract in the MI-GAS (G): the same gas-day on which the market session ends;
- 3 monthly contracts (M+1, M+2, M+3);
- 4 quarterly contracts (Q+1, Q+2, Q+3, Q+4);
- 2 half-yearly contracts (S+1, S+2);
- 1 yearly calendar contract (SY+1);
- 1 BoM contract: except for the fifth-to-the-last and fourth-to-the-last day of the month.

In the MP-GAS, contracts are traded in the following trading periods:

- Daily contracts in the MGP-GAS:
  - First trading session: third gas-day before the gas-day covered by the contract; if the gas-day covered by the contract is preceded by at least three holidays according to the reference timetable, the first trading session will take place on the last working day, according to the reference timetable, preceding the gas-day covered by the contract;
  - Last trading session: gas-day before the gas-day covered by the contract;
- WE contracts in the MGP-GAS:
  - First trading session: the second gas-day before the first of the gas-days covered by the contract, corresponding to Thursday or, if there are holidays, according to the reference timetable, preceding the weekend, corresponding to the next-to-the last working day according to the same reference timetable;
  - Last trading session: the gas-day before the first of the gas-days covered by the contract, corresponding to Friday or, if there are holidays, according to the reference timetable, preceding the weekend, corresponding to the last working day according to the same reference timetable;
- WK/DY NW contracts in the MGP-GAS:
  - First trading session: on Monday of the week preceding the one to which the product refers;
  - Last trading session: on Friday of the week preceding the one to which the product refers;
- Daily contract in the MI-GAS:
  - Single trading session taking place on the gas-day corresponding to the gas-day covered by the contract.

In the MT-GAS, tradable contracts have the following trading periods:

- Monthly contracts:
  - First trading session: on the day of open market after the last day of trading of the contract pertaining to the previous third month;
  - Last trading session: on the fourth day of open market before the first calendar day of the month covered by the contract;

- Quarterly contracts:
  - First trading session: on the day of open market after the last day of trading of the contract pertaining to the previous fourth quarter;
  - Last trading session: on the fourth day of open market before the first calendar day of the quarter covered by the contract;
- Half-yearly contracts:
  - First trading session: on the day of open market after the last day of trading of the contract pertaining to the previous second half-year;
  - Last trading session: on the fourth day of open market before the first calendar day of the half-year covered by the contract;
- Yearly calendar contract:
  - First trading session: on the day of open market after the last day of trading of the contract pertaining to the previous calendar year;
  - Last trading session: on the fourth day of open market before the first calendar day of the calendar year covered by the contract;
- BoM contract:
  - In each trading session, a BoM contract is traded whose delivery period consists of the gas-days elapsing from the fourth gas-day after the one of the session to the last day of the same month. If the fourth gas-day after the one of the market coincides with the first or last day of the month, the BoM contract is not traded.

#### 4. Cascading mechanism

The cascading mechanism provides that, at the end of the session of the last trading day, the positions on the yearly contract are divided into equivalent positions of contracts with shorter maturity (half-yearly and quarterly). In turn, the positions on a half-yearly contract are divided into equivalent positions of contracts with shorter maturity (monthly and quarterly). Similarly, a position on a quarterly contract is converted into equivalent positions on the corresponding monthly contracts and a position on a monthly contract is converted into equivalent positions on the corresponding days of the BoM.

##### Yearly contracts

At the end of the session of the last trading day of the yearly contract, GME assigns to each Participant having an open position on this contract:

- a fictitious transaction with an opposite sign to the open position, at a price equal to the check price of the last trading day of the yearly contract and a volume corresponding to the open position;
- fictitious transactions with a sign equal to the open position on the yearly period on the following contracts:
  - summer half-year contract;
  - quarterly contract relative to Q4 of the same year;
  - February and March monthly contracts;
  - BoM contract traded on the following day, covering the gas-days from the second to the last day of January;
  - daily contract related to the gas-day of 1 January being traded in the MGP-GAS.

The price of such transactions must be equal to the last check price relating to each contract covered by the transaction and the volume must correspond to the open position.

The fictitious transaction relating to the daily contract corresponding to the gas-day of 1 January is assigned only if the related adequacy verifications are successful. If these verifications are not successful or if, despite being successful, the subsequent physical delivery at the PSV of the position relating to this daily contract is not successful, a transaction of opposite sign is attributed to the Market Participant in the MT-GAS according to Technical Rule no. 12 MGAS.

#### Half-yearly contracts

At the end of the session of the last trading day of the winter half-year contract, GME assigns to each Participant having an open position on this contract:

- a fictitious transaction with an opposite sign to the open position, at a price equal to the check price of the last trading day of the half-yearly contract and a volume corresponding to the open position;
- fictitious transactions with a sign equal to the open position on the half-yearly period on the following contracts:
  - quarterly contract relating to Q1 of the next thermal year;
  - November and December monthly contracts;

- BoM contract traded on the following day, covering the gas-days from the second to the last day of October;
- daily contract related to the gas-day of 1 October being traded in the MGP-GAS.

The price of such transactions must be equal to the last check price relating to each contract covered by the transaction and the volume must correspond to the open position.

The fictitious transaction relating to the daily contract corresponding to the gas-day of 1 of October is assigned only if the related adequacy verifications are successful. If these verifications are not successful or if, despite being successful, the subsequent physical delivery at the PSV of the position relating to this daily contract is not successful, a transaction of opposite sign is attributed to the Market Participant in the MT-GAS according to Technical Rule no.12 MGAS.

At the end of the session of the last trading day of the summer half-year contract, GME assigns to each Participant having an open position on this contract:

- a fictitious transaction with an opposite sign to the open position, at a price equal to the check price of the last trading day of the half-yearly contract and a volume corresponding to the open position;
- fictitious transactions with a sign equal to the open position on the half-yearly period on the following contracts:
  - quarterly contract relating to Q3 of the same thermal year;
  - May and June monthly contracts;
  - BoM contract traded on the following day, covering the gas-days from the second to the last day of April;
  - daily contract related to the gas-day of 1 April being traded in the MGP-GAS.

The price of such transactions must be equal to the last check price relating to each contract covered by the transaction and the volume must correspond to the open position.

The fictitious transaction relating to the daily contract corresponding to the gas-day of 1 April is assigned only if the related adequacy verifications are successful. If these verifications are not successful or if, despite being successful, the subsequent physical delivery at the PSV of the position relating to this daily contract is not successful, a transaction of opposite sign is attributed to the Market Participant in the MT-GAS according to Technical Rule no. 12 MGAS.

### Quarterly contracts

At the end of the session of the last trading day of the quarterly contract, GME assigns to each Participant having an open position on this contract:

- a fictitious transaction with an opposite sign to the open position, at a price equal to the check price of the last trading day of the quarterly contract and a volume corresponding to the open position;
- fictitious transactions with a sign equal to the open position on the quarterly period on the following contracts:
  - monthly contracts corresponding to the second and third month of the quarter;
  - BoM contract traded on the following day, covering the gas-days from the second to the last day of the first month of the quarter;
  - daily contract related to the first day of the first month of the quarter being traded in the MGP-GAS.

The price of such transactions must be equal to the last check price relating to each contract covered by the transaction and the volume must correspond to the open position.

The fictitious transaction relating to the daily contract corresponding to the first day of the first month of the quarter is assigned only if the related adequacy verifications are successful. If these verifications are not successful or if, despite being successful, the subsequent physical delivery at the PSV of the position relating to this daily contract is not successful, a transaction of opposite sign is attributed to the Market Participant in the MT-GAS according to Technical Rule no. 12 MGAS.



### Monthly contracts

At the end of the session of the last trading day of the monthly contract, GME assigns to each Participant having an open position on this contract:

- a fictitious transaction with an opposite sign to the open position, at a price equal to the check price of the last trading day of the monthly contract and a volume corresponding to the open position;
- fictitious transactions with a sign equal to the open position on the monthly contract on the following contracts:
  - BoM contract covering the gas-days ranging from the second day of the month to the end of the same month.
  - daily contract traded in the MGP-GAS corresponding to the first day of the month.

The price of such transactions must be equal to the last check price of the monthly contract and the volume must correspond to the open position.

The fictitious transaction relating to the daily contract corresponding to the first day of the first month is assigned only if the related adequacy verifications are successful. If these verifications are not successful or if, despite being successful, the subsequent physical delivery at the PSV of the position relating to this daily contract is not successful, a transaction of opposite sign is attributed to the Market Participant in the MT-GAS according to Technical Rule no. 12 MGAS.

### BoM contracts

Every day, after the close of the trading session of the BoM contract, with the exception of the sole BoM contract for the last two gas-days of the month, GME assigns to each Participant having an open position on said BoM contract:

- a fictitious transaction with a sign opposite to the open position at a price equal to the check price calculated at the end of the same trading day of the BoM contract and a volume corresponding to the open position;
- fictitious transactions with a sign equal to the open position on the BoM contract on the following contracts:
  - BoM contract tradable on the next day and corresponding to the same month;

- a fictitious transaction with a sign equal to the open position, on the daily contract to be traded in the MGP-GAS and pertaining to the first day belonging to the BoM contract traded on the same day.

The price of such fictitious transactions must be equal to the last check price for the BoM traded on the same day.

The fictitious transaction relating to the daily contract is assigned only if the related adequacy verifications are successful. If these verifications are not successful or if, despite being successful, the subsequent physical delivery at the PSV of the position relating to this daily contract is not successful, a transaction of opposite sign will be attributed to the Market Participant in the MT-GAS according to Technical Rule no. 12 MGAS.

After the closure of the session of the BoM contract related to the last two gas-days of the month, GME assigns to each Market Participant having an open position on said BoM contract:

- a fictitious transaction with an opposite sign to the open position at a price equal to the check price calculated at the end of the same trading day of the BoM contract and a volume corresponding to the open position;
- a fictitious transaction with a sign equal to the open position, on the daily contracts to be traded in the MGP-GAS for the days of the BoM contract. The price of such transaction on the daily contract must be equal to the last check price of the BoM.

This transaction is assigned only if the related adequacy verifications are successful. If these verifications are not successful or if, despite being successful, the subsequent physical delivery at the PSV of the position relating to this daily contract is not successful, a transaction of opposite sign is attributed to the Market Participant in the MT-GAS according to Technical Rule no. 12 MGAS.

The registration of the fictitious transactions described in this paragraph and related to daily contracts is carried out every day after the closure of the MT-GAS trading session and before opening the trading session of the MGP-GAS of said gas-day.

## 5. Naming convention for GME's products tradable through the Trayport® Global Vision portal

For Market Participants whose users access the order book via Trayport, it is worth pointing out that the spot products traded in the MI-GAS (gas-day G) and MGP-GAS (gas-day G+1, G+2 and G+3, G+I, WE product, and WK/DY NW product) will be displayed on Trayport according to the following convention that considers as holidays:

- Saturdays;
- Sundays
- midweek holidays according to the British timetable available at the following link:  
<https://www.gov.uk/bank-holidays>.

In view of the above, the naming convention, which is used solely to display the MGAS spot products on the Trayport portal, provides that:

- the Trayport screen for the "WD" (within the day) product will always display the intraday product of the MI-GAS;
- the Trayport screen for the "DA" (Day-Ahead) product will display the product related to the working day following the one on which the market session opens; consequently, this product may be:
  - o the product G+1, if the day G+1 is a working day;
  - o the product G+2, if the day G+1 is a holiday, and the day G+2 is a working day;
  - o the product G+3, if both the day G+1 and the day G+2 are holidays, and the day G+3 is a working day;
  - o the product G+i (i>3) if both the days G+1, G+2, G+3 and G+i-1 are holidays and the day G+i is a working day.
- the Trayport screen for the WE (Weekend) product will display this product named as "W/END";
- the Trayport screen for the WK/DY NW (Working Days Next Week) product will display this product named as "WK/DY NW";
- the Trayport screen of each day of the week ("Monday", "Tuesday", "Wednesday", "Thursday", "Friday", "Saturday" and "Sunday") will display:
  - o the product G+1, if the day G+1 is a holiday;
  - o the product G+2 in all cases, except when, according to the above-mentioned criteria, this product is displayed in the "DA" product screen ;
  - o the product G+3 in all cases, except when, according to the above mentioned-criteria, this product is displayed in the "DA" product screen;
  - o the product G+i in all cases, except when, according to the above-specified criteria, this product is displayed in the "DA" product screen.

For Market Participants whose users access the order books via Trayport, it is worth pointing out that the BoM products traded in the MT-GAS may be viewed on Trayport with the sequence GAS-NG BOM (D+4).