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1. FOREWORD

Article 70, paragraph 70.3, of the MGAS Rules provides that as an alternative or as an addition to the guarantees given in the form of a bank guarantee, Market Participant may provide guarantees in the form of a non-interest-bearing cash deposit to be paid into the bank account held by the GME with the treasury institute in accordance with the procedures defined in the Technical Rules. PA Participants shall only provide guarantees in the form of a non-interest-bearing cash deposit to be paid into the bank account held by the GME with the treasury institute referred to in Article 69 of the MGAS Rules in accordance with the procedures defined in the Technical Rules.

Article 70, paragraph 70.4, of the MGAS Rules provides that Market Participant shall allocate the amounts of financial guarantees given in the form of bank guarantees or in the form of a non-interest-bearing cash deposit in accordance with the procedures defined in the Technical Rules.

Article 71, paragraphs 71.9 and 71.10 of the MGAS Rules provide that Market Participant may at any time request the return, respectively, of bank guarantees or non-interest-bearing cash deposits provided as guarantee and that acceptance of such request is subject to positive verification by the GME of the amounts for which the applicant Market Participant is liable. Furthermore, these provisions provide that, if the verification of the request for said return is successful, the modification of the guaranteed amount will be immediately valid for the purposes of adequacy verifications and the GME will return the guarantee according to the procedures set out in the Technical Rules.

In the event of an increase in the guarantee deposit, Market Participant shall pay the relevant amount into the bank account held by the GME at the treasury institute in accordance with the procedures laid down in the Technical Rules.

Article 97, paragraphs 97.1, 97.2, 97.3 and 97.4 of the MGAS Rules, which regulate the transitional provisions on guarantees, provide that the Technical Rules shall provide for:

- the modalities of allocation of guarantees provided in accordance with the MGAS rules in force until the day before of the go live date of netting markets by Market Participant who is not also participating in the ME;

- the modalities by which the Market Participant will have to conform the guarantees when it is admitted to the ME after the date of the go live date of netting markets;
- the modalities by which the Market Participant who already participates in the ME by the date of the go live date of netting markets will conform guarantees submitted according to the version of the ME and MGAS Rules in force until the day before of the go live date of netting markets..

Article 97, paragraph 97.5, of the MGAS Rules provides that Market Participant who continues to use the guarantee submitted in accordance with Annex C of the version of the Rules in force until the day before of the go live date of netting markets, if it subsequently intends to change the guaranteed amount, pursuant to Article 71, paragraph 71.2, must first make the aforementioned Annex comply with Annex C of the MGAS Rules, as defined in the Technical Rules.

2. DEPOSIT SUBMISSION

The submission or increase of the deposit must be made by a Market Participant through SEPA Credit Transfer with Priority or equivalent procedures from the bank account which bank details have been previously notified to GME as per Article 18, paragraph 18.1 of the MGAS Rules and according to the terms set out in MGAS Technical Rules 16.

3. GUARANTEES ALLOCATION

Market Participant who has provided guarantees to the GME on the MGAS, both in the form of a bank guarantee and in the form of a non-interest-bearing cash deposit, shall, according to Article 70, paragraph 70.4, of the MGAS Rules, allocate the amounts of the guarantees over the various markets/platforms in which it can or intends to participate, by submitting to the GME a declaration made by the legal representative, or by another party with the necessary powers, accompanied by its identity document and drawn up in accordance with the model published on the GME website. In this declaration, the participant, depending on the type of guarantee given (bank guarantee or non-interest-bearing cash deposit), as well as the model of bank guarantee posted, must indicate the amount of the guarantee that it intends to allocate to cover the settlement of payables and receivables that arise:

- a) in netting markets¹;

¹ Where the participant also participates in the ME, the indicated market share at the netting markets shall automatically be extended to cover payables arising on the netting markets of the ME.

- b) in MT-GAS²;
- c) in MPEG;
- d) in MTE³;
- e) in PCE⁴.

Lacking such declaration, the entire amount of the guarantees will be allocated by GME to cover the payables arising on the netting markets.

Declaration may be re-submitted at any time if the Market Participant wishes to change the allocation of the guaranteed amount covering the different payables.

Except as provided for in the case of a declaration involving a decrease in the amount previously allocated, the declaration, for the purpose of the adequacy verification of offers, shall be valid within the second working day following that of GME reception of the bids or from the date specified by the Market Participant in the aforesaid declaration, provided that such date falls after the second working day following that of GME reception of said declaration.

If the declaration involves a decrease in the amount previously allocated to cover payables that may arise on the PCE, ME or MGAS, GME will accept the request after verifying that the amounts on the PCE, ME or MGAS for which the Market Participant is liable are adequately guaranteed, and after positive verification, the request will have immediate effect for the purposes of the adequacy verifications.

4. GUARANTEES REFUND

According to Article 71, pars. 71.9 and 71.10 of the MGAS Rules, Market Participant may, at any moment, requests:

- the return for bank guarantees posted according to Article 70, par. 70.1 of the MGAS Rules;
- the refund, even partial, for the amounts paid according to Article 70, par. 70.3 of the MGAS Rules;

² The allocation of the guarantee on the MT-GAS is only possible if the participant has posted a guarantee in the form of a non-interest-bearing cash deposit or in the form of a non-expiring bank guarantee.

³ The allocation of the guarantee on the MTE is only possible if the ME participant has posted a guarantee in the form of a non-interest-bearing cash deposit or in the form of a non-expiring bank guarantee.

Acceptance of such requests is subject to positive verification by the GME of the amounts for which the applicant Market Participant is liable. If the verification has a positive outcome for the purposes of adequacy verifications, then GME:

- in case of a bank guarantee, shall instruct the treasury institute to return the bank guarantee to the address indicated in the text of the bank guarantee or alternatively to the references indicated by the Market Participant in the refund request;
- in case of a non-interest-bearing cash deposit, shall refund it by crediting via SEPA Credit Transfer Urgent/Priority the amount to the bank account indicated by the Market Participant as per Article 18, paragraph 18.1 of the MGAS Rules according to the procedures set forth in paragraph 2.2.

5. TRANSITIONAL PROVISIONS

5.1. Modalities for the allocation of guarantees provided in accordance with the MGAS rules in force until the day before of the go live date of netting markets by Market Participant who is not also participating in the ME;

Market Participant who has submitted guarantees to the GME according to the version of the MGAS Rules in force until the day before of the go live date of netting markets, both in the form of a bank guarantee and in the form of non-interest-bearing cash deposit, to keep participating in the MGAS starting from the go live date of netting markets, must, according to Article 97, paragraph 97.1, of the MGAS Rules, allocate the available amount of the guarantees by submitting to the GME a declaration made by the legal representative, or by another party with the necessary powers, accompanied by its identity document and drawn up in accordance with the model published on the GME website. In this declaration, the Market Participant, depending on the type of guarantee given (bank guarantee or non-interest-bearing cash deposit) must indicate the available amount of the guarantee that it intends to allocate to cover the settlement of payables that arise:

- a) in MGAS netting markets;
- b) in MT-GAS.

In the event that a Market Participant fails to submit a declaration as to how this amount is to be allocated to the MGAS markets, the amount shall be entirely allocated to cover the payables resulting from the MGAS netting markets.

⁴ If they also participate in the PCE.

Declaration may be re-submitted at any time if the Market Participant wishes to change the distribution of the guaranteed amount covering the different payables.

Except as provided for in the case of declaration involving a reduction in the amount previously allocated, the declaration, for the purpose of the adequacy verification of offers, shall be valid from the date specified by the Market Participant in the aforesaid declaration, provided that such date falls after the second working day following that of GME reception of the said declaration.

If the declaration involves a reduction in the amount previously allocated to cover payables that may arise on MGAS netting markets and on MT-GAS GME will accept the request after verifying that the amounts on the MGAS for which the Market Participant is liable are adequately guaranteed and after positive verification, the request will have immediate effect for the purposes of the adequacy verifications.

It should be noted that the above allocations are valid as long as the Market Participant only participates in MGAS. Therefore, should the Market Participant be later admitted to the ME, it will have to update the guarantees in accordance with paragraph 5.2 below, submitting the new allocation of the guarantees in accordance with paragraph 3 above.

5.2. Modalities to conform the guarantees for the Market Participant who is admitted to the ME after the date of the go live date of netting markets;

Market Participant who has submitted guarantees to the GME according to the version of the MGAS Rules in force until the go live date of netting markets ,both in the form of a bank guarantee and in the form of non-interest-bearing cash deposit and that, after is also admitted in the ME⁵, according to Article 97, paragraph 97.1, of the MGAS Rules:

- a) to be able to participate in netting markets, MPEG, MTE, MT-GAS and PCE must:
- if the Market Participant had previously submitted guarantees as bank guarantees:
 - submit a request for the return of the guarantee originally provided, which must be positively verified by GME, according to the terms and conditions set out in paragraph 4 above, together with a new guarantee submitted

⁵ Also admitted in the PCE.

according to Article 70, paragraph 70.1, of the Rules as per Annex C of the Rules;

or, alternatively:

- make the guarantee originally given in compliance with Annex C of the MGAS Rules, by submitting to the treasury institute of the GME the letter modifying the bank guarantee issued in accordance with the model published on the website of GME, signed by the legal representative of the bank issuing the guarantee, or by another person with the necessary powers, accompanied by its identity document.

Otherwise, that is to say if the Market Participant:

- a) does not submit a new guarantee in accordance with Annex C or does not make the guarantee originally submitted in compliance with that Annex;

or

- b) while submitting a new guarantee in accordance with Annex C, does not submit a request for the return of the guarantee originally provided, or does submit it but it is not positively verified by the GME,

the Market Participant will be able to solely participate in MGAS, according to the allocations referred to in par. 5.1 above. The amount of the new guarantee, in this case and unless otherwise indicated by the Market Participant, will be aggregated in equal parts to the allocation shares of the available amount of the guarantee, if any, indicated under 5.1 above.

For guarantees which do not comply with ME Rules in force since the date of the go live date of netting markets, it should be noted that, if the Market Participant later intends to change the amount of the guarantees, it must first update them according to Article 97, paragraph 97.5, as described in this paragraph 5.2.

- allocate the guarantees according to the terms set out in par 3 above;

- if the Market Participant had previously submitted guarantees as non-interest-bearing cash deposit:
 - make the guarantee deposit originally given comply with MGAS Rules, by submitting to GME the letter of update of the amount of the non-interest-bearing cash deposit drawn up in accordance with the model published on the website of GME, signed by the legal representative, or by another person with the necessary powers, accompanied by its identity document.

Otherwise, the Market Participant will be able to solely participate in MGAS, according to the allocations referred to in par. 5.1 above even if it posts a new guarantee deposit which, without a different allocation indicated by the Market Participant, will be combined in equal parts with the shares of allocation of the original guarantee referred to in paragraph 5.1 above;
 - allocate the guarantee deposit according to the terms set out in par. 3 above.

b) to be able to participate in netting markets, MPEG and PCE must:

- if the Market Participant had previously submitted guarantees as bank guarantees:
 - submit a request for the return of the guarantee originally provided, which must be positively verified by GME, according to the terms and conditions set out in paragraph 4 above, together with a new guarantee submitted according to Article 70, paragraph 70.1, of the Rules as per Annex C or Annex E of the Rules;

or, alternatively:
 - make the guarantee originally given in compliance with Annex C of the MGAS Rules, by submitting to the treasury institute of the GME the letter of update of the bank guarantee issued in accordance with the model published on the website of GME, signed by the legal representative of the bank issuing the guarantee, or by another person with the necessary powers, accompanied by its identity document.

Otherwise, that is to say if the Market Participant:

a) does not submit a new guarantee in accordance with Annex C or Annex E or does not make the guarantee originally submitted in compliance with Annex C;

or

b) while submitting a new guarantee in accordance with Annex C or Annex E, does not submit a request for the return of the guarantee originally provided, or does submit it but it is not positively verified by the GME,

the Market Participant will be able to solely participate in MGAS, according to the allocations referred to in par. 5.1 above. The amount of the new guarantee, in this case and unless otherwise indicated by the Market Participant, will be cumulated, if the Market Participant submits a new guarantee according to Annex C, in equal parts to the allocation shares of the available amount of the guarantee, if any, indicated under 5.1 above; if a Market Participant submits a new guarantee according to Annex E, the amount of the new guarantee will be cumulated to the available amount of the guarantee for the participation in MP-GAS.

As far as the guarantees not conform with the provisions of ME Rules in force since the date of the go live date of netting markets, it should be noted that, if the Market Participant wishes to subsequently modify the amount of the guarantees thereof, it must first conform them as described in this paragraph 5.2.

- the guarantees according to the terms set out in par. 3 above;
- if the Market Participant had previously submitted guarantees as non-interest-bearing cash deposit:
 - make the guarantee deposit originally given comply with MGAS Rules, by submitting to GME the letter of update of the amount of the non-interest-bearing cash deposit drawn up in accordance with the model published on the website of GME, signed by the legal representative, or by another person with the necessary powers, accompanied by its identity document.

Otherwise, the Market Participant will be able to solely participate in MGAS, according to the allocations referred to in par. 5.1 above even if it posts a new guarantee deposit which, without a different allocation indicated by the Market Participant, will be cumulated in equal parts with the shares of allocation of the original guarantee referred to in paragraph 5.1 above.

- allocate the guarantee deposit according to the terms set out in par. 3 above.

5.3. Modalities to conform the guarantees for the Market Participant admitted to the ME before the go live date of netting markets.

Market Participant who has submitted guarantees to the GME according to the version of the MGAS Rules or the ME Rules in force until the day before of the go live date of netting markets ,both in the form of a bank guarantee and in the form of non-interest-bearing cash deposit and that, on the go live date of netting markets is also a Market Participant of the ME and/or the PCE, according to Article 97, paragraphs 97.2 and 97.3, of the MGAS Rules must conform the guarantees previously submitted, in particular, the guarantees previously submitted on the MGAS as described in paragraph 5.2 above and the guarantees previously submitted on the ME according to the modalities described in the Technical Rules no. 04 ME.

Without the aforementioned conformation to the MGAS guarantees, the entire available amount of the guarantees will be allocated to cover the payables arising on the MT-GAS. In this case, if the Market Participant later intends to change the amount of the bank guarantees, it must first conform them as described in paragraph 5.2 above.