

Market Conduct Rules

Trading Rules – Appendix 4

Albanian Power Exchange

1. Introduction

- 1.1. These Market Conduct Rules have been issued by Albanian Power Exchange under the Trading Rules for the Albanian Day Ahead Market. The provisions herein apply to all Members of Albanian Power Exchange trading at the Albanian Day Ahead Market.
- 1.2. It is the responsibility of each Member to ensure compliance with the Market Conduct Rules by all relevant parts of its organization. Each Member shall ensure that any person involved in Trading and/or Clearing on its behalf, including members of management and other persons who make decisions in relation to Products through the exercise of their employment, profession or functions of the Members, are subject to restrictions and obligations that enables the Member to fully and efficiently comply with these Market Conduct Rules.
- 1.3. Except as instructed by Albanian Power Exchange or otherwise set out herein, Market Surveillance shall have the authority to represent and act on behalf of Albanian Power Exchange in all matters regulated by the Market Conduct Rules and references to “Albanian Power Exchange” herein shall be construed accordingly. Market Surveillance has the authority to make requests for information pursuant to Section 6.1 and to issue non-public warnings pursuant to Section 8.2, not including herein the public warnings or the Fine Settlement.

2. Compliance with the Applicable Law

- 2.1. All Members shall at all times comply with Applicable Law and these Market Conduct Rules.

3. Interpretation

- 3.1. Terms in the Market Conduct Rules shall, unless as otherwise defined herein, have the same meanings with those of the Definitions the General Terms in the Trading Rules.
- 3.2. “**Internal Information**” means information of a precise nature which has not been made public, which relates, directly or indirectly, to one or more Products and which, if it were made public, would be likely to significantly affect the prices of those Products.
 - (a) The term “**Information**” means:

- i. Information which is required to be made public in accordance with these rules, contracts or customs for the Albanian Day Ahead Market, in so far as this information is likely to have a significant effect on the prices of Products;
- ii. Information which is required to be made public in accordance with Applicable Law, including rules and/or guidelines issued by any relevant Regulatory Bodies, in so far as this information is likely to have a significant effect on the prices of Products;
- iii. Other information that a reasonable Member would be likely to use as part of the principle to enter into a sale-purchase or the order of a Product.

(a) The term “**precise nature**” means information that indicates a set of circumstances which exists or may reasonably be expected to come into existence, or an event which has occurred or may reasonably be expected to do so, and if it is specific enough to enable a conclusion to be drawn as to the possible effect of that set of circumstances or event, as such that may affect on the prices of Products.

- 3.3. In case of conflict between these rules and the Market Rules provisions, which may not be resolved through applicable principles of interpretation, the Market Rules shall prevail insofar as it relates to the subject matter handled by these Rules.
- 3.4. The Market Conduct Rules are obligatory to be implemented by the members.

4. GOOD BUSINESS CONDUCT

- 4.1. Members shall at all times act in accordance with these Market Conduct Rules when engaged in trading and related activities in Products, and shall seek to promote integrity and efficiency in the Albanian Day Ahead Market. Members shall take due account to any relevant regulatory or legal obligations, any proper and relevant professional standards of conduct, and the need for the Albanian Day Ahead Market to operate fairly and efficiently for all Members.
- 4.2. Each Member shall ensure that any Orders placed by it reflect a genuine purchase or sales interest, and that all Transactions to which it is a party are true.
- 4.3. A Member may not in any way improperly influence the price or price structure in the Albanian Day Ahead Market, or otherwise impede the access of other members in the market.
- 4.4. Members must not apply unreasonable business methods when carrying out Trading, and shall always seek to act in accordance with good business practice.

5. Transparency requirements

- 5.1. Each Member shall publicly disclose any information as set out in this Article relating to the Albanian Day Ahead market for electricity regarding the business or facilities which the concerned Member owns or controls or for matters for which the Member is fully or partially responsible.

These required information do not relate with the planning information and the strategy followed by the Participants.

Information shall be intended for the future of the Albanian Day Ahead Market if this information relates with the business within the Albanian power market.

- 5.2 The information that may be public, according to Article 5.1 shall be limited to information relating to the facilitation for production, consumption or electricity transmission which has to do with:
- (a) Any interruption, limitation, expansion or allocation of 100 MW capacity or more, for one Production or Consumption Unit , or 100 MW or more for one Production Unit with an installed capacity of 200 MW or more, up to three (3) years forward, including updates of such information;
 - (b) Any interruption, narrowing, limitation, expansion or dismantling of capacity in the transmission grid affecting cross zonal capacities by 100 MW or more, up to three (3) years forward, including updates of such information;
 - (c) Any interruption, narrowing, limitation, expansion or allocation of capacity in the transmission grid affecting power feed-in and/or consumption by 100 MW or more, up to three (3) years forward, including updates of such information;
 - (d) Any missing Orders or defects performed in the Albanian Day Ahead market of 200 MW or more;
 - (e) Any information that may significantly affect to the prices of one or more derivatives based on Products if made public;
 - (f) Any Internal Information not included on paragraphs (a) and (e).

5.3 Where information is subject to transparency requirements according to the provisions of Article 5, the public disclosure shall contain when relevant a minimum information on:

- (a) The Generation, Production, Consumption or line Units;
- (b) The time of decision or occurrence of the event;
- (c) Installed capacity in MW;
- (d) Available capacity in the market in MW;
- (e) Provided time for the initiation and closure of the event;
- (f) Cause of the event;
- (g) If the information relates to an outage, expansion or dismantling of capacity affecting 400 MW or more within the next three (3) calendar years, an indication of the uncertainty relating to the duration of the event shall be indicated on a scale from 1 to 6 as follows:
 - 1. +/- 6 hour;
 - 2. +/- 24 hours;
 - 3. +/- 3 days;
 - 4. +/- 7 days;
 - 5. +/- 31 days;
 - 6. Others.

5.4 All information which shall be publicly disclosed pursuant to this Section 5 shall be publicly disclosed as soon as possible, and no later than 60 minutes after occurrence of the event which leads to the relevant information. Such information shall be publicly disclosed as an Urgent Market Message (UMM).

- (a) A Member may under its own responsibility exceptionally delay the public disclosure so as not to prejudice its legitimate interests provided that such omission is not likely to mislead the public and provided that the Member is able to ensure the confidentiality of that information and does not make decisions relating to trading in Products based upon that information.
- (b) Whenever a Member or a person employed by, or acting on behalf of, a Member discloses information as mentioned in this Section 5 in the normal exercise of his employment, profession or duties, that Member or person shall ensure simultaneous public disclosure of that information according to 5.4, first paragraph. In the event of a non-intentional disclosure the market participant shall ensure complete and effective public disclosure of the information as soon as possible following the non-intentional disclosure. This Article shall not apply if the person receiving the information has a duty of confidentiality, regardless of whether such duty derives from law, regulation, articles of the contract.

5.5 In the case of any UMM relating to an outage, limitation, expansion or dismantling of capacity affecting 400 MW or more, where Albanian Power Exchange determines in its absolute discretion that a UMM does not adequately describe the relevant information or there have been numerous of such messages for the same event, Albanian Power Exchange

may require the Member to submit an extended market message (EMM). The EMM shall in reasonable detail address such matters as Albanian Power Exchange requests. Albanian Power Exchange may set a reasonable deadline for submitting the EMM, and the EMM may be published by Albanian Power Exchange.

6 OBLIGATION TO PROVIDE INFORMATION TO ALBANIAN POWER EXCHANGE

6.1 Subject to Article 6, Members are obliged to provide all such information as Albanian Power Exchange considers relevant either in the context of the performance of its monitoring role or in the context of any investigation of any suspected breach of the Market Conduct Rules or to comply with Applicable Law as soon as possible following a written request from Albanian Power Exchange. Members shall make all necessary arrangements with third parties in order to ensure that they are able to comply with their obligations under this Article.

6.2 Members shall ensure that their officers, employees, agents and other personnel are subject to obligations substantively similar to those set out in Section 6.1 of this article.

6.3 Any Member accepts that:

- (a) Albanian Power Exchange may from time to time, whether or not such information is acquired in the context of an investigation or not, provide information on Trading activity and other relevant information to the relevant Regulatory Body. Such information may also be provided to the market surveillance teams of other relevant market places or TSOs, always provided that there is a written agreement put in place between Albanian Power Exchange and such relevant market place or TSO limiting the use of the shared information to market surveillance purposes and ensuring the confidential treatment of such information;
- (b) All communication with Albanian Power Exchange and Market Surveillance may be recorded, stored and used in connection with the monitoring of compliance with Applicable Law and these Market Conduct Rules and each Member shall procure all necessary consents from all its relevant officers, employees and agents prior to such individuals communicating with Albanian Power Exchange on behalf of such Member.

6.4 Communication between Members and Albanian Power Exchange may include personal data relating to individuals to the extent such information is comprised within any relevant communication or is otherwise necessary.

6.5 The provisions of Article 6 shall be interpreted as being in conflict with a Member's duty to comply with Applicable Law.

6.6 Information received in accordance with this Section 6 shall only be used for the purpose of surveillance of the Market Conduct Rules and Applicable Law, including the investigation of suspected violations.

7 PUBLICATION OF INFORMATION RELATING TO INVESTIGATION

7.1 Albanian Power Exchange may make public the fact that investigations of any specific matter have been initiated, provided that the identity of the Member is not disclosed. Albanian Power Exchange may only make public the identity of a Member under investigation if, at the sole discretion of Albanian Power Exchange, such publication is necessary to sustain the integrity of the relevant market, or to prevent unjustified damage and/or loss of reputation to another Member, and the envisaged consequences of the Member's identity being disclosed are proportionally deemed less onerous than those resulting from non-disclosure. A Member whose identity has been made public in accordance with this Section may require Albanian Power Exchange to disclose and make public the results of the investigation.

7.2 Albanian Power Exchange may disclose the results of any investigations which lead to a public warning or Violation Charge under article 8, including the identity of the Member. Albanian Power Exchange may furthermore reproduce and/or publish any relevant information gathered in the investigations to the extent such reference is reasonably necessary for Albanian Power Exchange's reasoning in respect of its decision or the grounds for its decision. Albanian Power Exchange shall endeavour to present and publish information under this article 7 in a neutral manner, and only following a prior notification to the Member that is subject to the applicable investigation and/or disciplinary actions.

8 DISCIPLINARY ACTIONS

- 8.1 Any violation of these Market Conduct Rules shall be considered as Non-Compliance Event or Essential Non-Compliance Event in conformity with the Trading Rules – General Terms.
- 8.2 In the event of a Non-Compliance event as set out in Section 8.1 above, Albanian Power Exchange shall have the right to issue a non-public notice regarding the breach to the Member, requesting that such breach be remedied within fifteen (15) calendar days after Albanian Power Exchange sent the notice regarding the breach to the Member.
- 8.3 In case the breach of Market Conduct Rules envisaged in 8.2 is not remedied in accordance with the notice given under section 8.2, such breach shall be considered as Essential Non-Compliance Event and shall be implemented articles 10.3 and 10.4 of the Trading Rules – General Terms.
- 8.4 Nothing in this article shall limit a Member's rights and obligations under Applicable Law, and any disciplinary action imposed below shall be an addition to any disciplinary actions or penalties imposed by other entities than the Albanian Power Exchange under Applicable Law.

9 PROCEDURES FOR INVESTIGATION VIOLATION OF THE DISCIPLINARY ACTIONS

9.1 General

- (a) On this article are defined the procedures applicable to the investigation by or on behalf of Albanian Power Exchange of possible breaches of the Market Conduct Rules or Applicable Law.

9.2 Investigations and Market Surveillance's Recommendations

- (a) If Market Surveillance suspects a breach of the Market Conduct Rules or Applicable Law, it will initiate an investigation. Such investigations may be initiated in the sole discretion of Market Surveillance regardless of the knowledge of the Member(s) involved.
- (b) If Market Surveillance doubts for the violation of these Rules, with his report may notify the Regulatory Body.
 - i. If the investigations of Market Surveillance support the suspicion of a breach of these Market Conduct Rules, Market Surveillance may in its sole discretion recommend disciplinary actions against the Member(s) involved, as further provided for below.
 - ii. Market Surveillance may issue non-public warnings for the member as set out in article 8.2 of this Regulation without being consulted with the Board of Directors of Albanian Power Exchange.
 - iii. If the investigations of Market Surveillance support the suspicion of a breach of Applicable Law, Market Surveillance may in its sole discretion report to the relevant Regulatory Body.

9.3 Decision of the Albanian Power Exchange

- (a) The board of directors of Albanian Power Exchange will in its full discretion decide if and what disciplinary actions that shall be applied against the Member(s). The board of directors of Albanian Power Exchange may delegate this decision to the CEO of Albanian Power Exchange.
- (b) The decision by Albanian Power Exchange shall be notified in writing to the relevant Member(s). In the event of Albanian Power Exchange publishing the decision, the relevant

Member(s) shall be notified in due time prior to such publication.