



**INDEPENDENT
BULGARIAN
ENERGY EXCHANGE**
YOU SELL, WE DELIVER CONFIDENCE

Market Conduct Rules

INDEPENDENT BULGARIAN ENERGY EXCHANGE

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Chapter I Main provisions

1. These rules shall be valid for all trading participants (TP) members of the power exchange for electricity.
2. Each trading participant shall be responsible and ensure compliance with the Market Conduct Rules (MCR) by them and the persons representing them and participating in trading and/or financial relationships on their behalf, including members of their management, shall be subject to restrictions and obligations in compliance with these Market Conduct Rules.
3. The Compliance and control under these rules shall be done by Market Surveillance Unit (MS).
4. MS shall have the power to represent and act on behalf of IBEX on all issues, which will be regulated by these rules, except for imposing disciplinary actions in compliance with item 52.

Compliance with applicable law

5. All TPs at any time shall guarantee compliance with these rules and applicable law.
6. Market conduct rules do not concern obligations of a TP in accordance with applicable law.

Chapter II Terms and definitions

Inside information

7. For the purpose of these MCR, the term "Inside Information" means information of a precise nature, which has not been made public, which relates, directly or indirectly, to one or more Products traded and /or TP and which, if it were made public, would be likely to significantly affect the prices of those Products.
8. For the purposes of these Market Conduct Rules and with respect to the term Inside Information:
 - 8.1. *The term "information" means:*
 - a) *Information, which is required to be made public in accordance with these Market Conduct Rules, contracts or customs for the Physical Markets, in so far as this information is likely to have a significant effect on the prices of Products;*
 - b) *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; and*
 - c) *Other information that TP would be likely to use as part of the basis of its decision to enter into a Transaction relating to, or to issue an Order in, a Product.*
 - 8.2. *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 it is specific enough to enable a conclusion to be drawn as to the possible effect of that set of circumstances or event on the prices of Products.*

9. Information regarding the TP's own plans and strategies for trading shall not be considered as Inside Information.

Market manipulation

10. For the purpose of these MRC, the term "Market Manipulation" means:

10.1. Entering into any Transaction or issuing any Order in Products, which:

a) Gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of Products; or

b) Secures or attempts to secure, by a person, or persons acting in collaboration, the price of one or several Products at an artificial level, unless the person who entered into the Transaction or issued the Order establishes that his reasons for doing so are legitimate and that that Transaction or Order conforms to accepted market practices on the respective wholesale electricity markets; or

c) Employs or attempts to employ a fictitious device or any other form of deception or contrivance, which gives, or is likely to give, false or misleading signals regarding the supply of, demand for, or price of Products

10.2. Disseminating information through the media, including the internet, or by any other means, which gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of Products, including the dissemination of rumors and false or misleading news, where the disseminating person knew, or ought to have known, that the information was false or misleading.

Attempt to engage in market manipulation

11. For the purpose of these Market Conduct Rules, the term "attempt to engage in market manipulation" (and variations thereof) means

11.1. Entering into any Transaction, issuing any Order or taking any other action relating to a Product with the intention of:

a) Giving false or misleading signals as to the supply of, demand for, or price of Products;

b) Securing the price of one or several Products at an artificial level, unless the person who entered into the Transaction or issued the Order establishes that his reasons for doing so are legitimate and that that Transaction or Order submitted by TP conforms to accepted market practices on the respective market for wholesale trading of electricity; or

c) Employing a fictitious device or any other form of deception or contrivance which gives, or is likely to give, false or misleading signals regarding the supply of, demand for, or price of Products.

11.2. Disseminating information through the media, including the internet, or by any other means with the intention of giving false or misleading signals as to the supply of, demand for, or price of Products

Chapter III Market Conduct Rules

12. TP shall at all times, when participating in trading on the power exchange, act in accordance with these Market Conduct Rules and shall seek to promote integrity and efficiency of the power exchange market.
13. TP shall at all times take due account of any relevant regulatory or legal obligations, any proper and good business practice with a view to power exchange market operating fairly and efficiently for all TPs.
14. 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 genuine.
15. A TP may not in any way improperly influence the price or price structure in the power exchange market, or otherwise disturb other TPs' access to or participation in the market.
16. TPs must not apply unreasonable business methods when carrying out Trading on the power exchange, and shall seek to act in accordance with good business practice.

Prohibition for trading with inside information

17. TPs who are in possession of Inside information related to a product and/ or TP shall be forbidden to:
 - 17.1. Use this information, when they acquire or dispose with or when they attempt to acquire or dispose at their own expense or at the expense of a third party, directly or indirectly, products to which this information relates;*
 - 17.2. Disclose this information to a third party, unless this is under normal procedures for carrying out their employment, profession or duties;*
 - 17.3. Offer or entice another person on the basis of inside information to acquire or dispose with products to which the information relates.*
18. Art. 17 shall not be applied for :
 - 18.1. Transactions concluded in complying with an obligation, for acquisition or disposal with products when this obligation arises from an agreement concluded or an order submitted before the said TP has acquired inside information;*
 - 18.2. Transactions concluded by TP, whose sole purpose is to cover immediate physical losses arising from unplanned outages, when non-conclusion would lead to inability of TP to comply with existing contractual obligations or when such an action is undertaken as per agreement with the transmission system operator in order to secure safe and reliable operation of the system. In such a case the respective information related to the transactions shall be reported to IBEX, with no delay;*
 - 18.3. TPs who act in accordance with an action plan in extraordinary situations when national authorities have interfered with a view to securing supply of electricity and market mechanisms have been suspended in the respective country or parts of it.*

Prohibition for market manipulation

19. TP shall be forbidden to effectuate or try to effectuate market manipulation regarding power exchange for electricity.

Chapter IV Information

Requirements for disclosure of information

20. TPs shall publicly disclose information, which they have available regarding trading activity or facilities, which the respective TP or its parent company or affiliated company owns or controls or regarding issues related to their operation for which the respective market participant or said company is responsible irrespective whether in whole or in part. Such disclosure shall include information related to the capacity and use of facilities for generation, consumption or transmission of electricity, including planned or unplanned inaccessibility of these facilities.
21. The requirements for information disclosure pursuant to art. 20 shall not apply to information for own plans and strategies for trading of a TP.
22. Information that is publicly disclosed shall include but not be limited to:
 - 22.1. *Any outage, limitation, expansion or dismantling of capacity of single facilities of minimum installed capacity of 50 MW for generation or consumption;*
 - 22.2. *Any information that is likely to significantly affect the prices on the power exchange if made public;*
 - 22.3. *Any Inside Information not covered by the sub-paragraphs above.*
23. Where information is subject to a public disclosure, the public disclosure shall include information on:
 - 23.1. *A single Generation Unit affected;*
 - 23.2. *The time of decision or occurrence of the event under item 22.1;*
 - 23.3. *The installed capacity in MW;*
 - 23.4. *The available capacity to the market in MW;*
 - 23.5. *The estimated start time of the event, and the corresponding end time;*
 - 23.6. *The cause of the event;*
24. All information, which shall be publicly disclosed pursuant to this Section, 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 a message on the website of the respective TP and with no delay it shall send it via e-mail to MS, which shall promptly upload it on the website of the power exchange operator.
25. A TP 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 TP is able to ensure the confidentiality of that information and does not make decisions relating to trading in Products based upon that information. In such a situation the TP shall without delay provide that information, together with a justification for the delay of the public disclosure, to Market Surveillance.
26. In the case of any message relating to an outage, limitation, expansion or dismantling of capacity, where the power exchange operator determines that such a message does not adequately describe the relevant information or there have been numerous messages relating to substantially the same event, MS may require the TP to submit an additional message. IBEX may set a deadline for publishing the message, which shall also be published by IBEX.

Duty to provide information to IBEX

27. TP shall be obliged to provide all the available information following a written request by IBEX on:
- 27.1. Implementation of the market surveillance activities.*
 - 27.2. Investigation of any suspected breach of the Market Conduct Rules or Applicable Law.*
28. TP shall be obliged to submit the required information within the terms stipulated by IBEX or at any time it is possible, making all necessary arrangements with third parties in order to secure that they can comply with their obligations pursuant to item 27.
29. Every TP shall agree that:
- 29.1. IBEX shall periodically provide information on trading on the power exchange and other relevant information to the respective regulatory body.*
 - 29.2. IBEX shall provide information, whether or not such information is acquired in the context of an investigation or not, to the relevant Regulatory Body.*
 - 29.3. IBEX may provide information to the market surveillance teams of other power exchange operators or the TSO, provided that there is a written agreement put in place between IBEX and such relevant party for targeted and confidential treatment of such information;*
 - 29.4. All communication with IBEX and Market Surveillance may be recorded, stored and used in connection with the monitoring of compliance with these Market Conduct Rules and Applicable Law and each TP shall procure all necessary consents from all its relevant officers, employees and agents prior to such individuals communicating with IBEX on behalf of such TP.*
30. Communication between the power exchange operator and TP may include personal data relating to individuals representing the respective TP to certify the representation.
31. Nothing in these rules shall be interpreted as being in conflict with a TP's duty to comply with Applicable Law.
32. Information received in accordance with these rules shall only be used for the purpose of surveillance of the Market Conduct Rules and Applicable Law, including the investigation of suspected breaches.

Publication of information related to investigations

33. IBEX may make public the fact that investigations of any specific matter have been initiated, provided that the identity of the TP is not disclosed.
34. IBEX may only make public the identity of a TP under investigation if, at the sole discretion of IBEX:
- 34.1. Such publication is necessary to sustain the integrity of the relevant market;*
 - 34.2. Such publication is necessary to prevent unjustified damage and/or loss of reputation to another TP, and the envisaged consequences of the TP's identity being disclosed are proportionally deemed less onerous than those resulting from non-disclosure.*
35. A TP whose identity has been made public in accordance with item 34 may require IBEX to disclose and make public the results of the investigation.

36. IBEX may disclose the results of any investigations, which lead to a public warning or Violation Charge, including the identity of the TP. IBEX may publish any relevant information gathered in the investigations to the extent such reference is necessary to be published in respect of its decision or the grounds for its decision.
37. IBEX presents and publishes information under item 36 following a prior notification to the TP that is subject to the applicable investigation and/or disciplinary actions.

Chapter V

Disciplinary Actions

38. MS may impose a daily charge if the TP does not comply with the requirements for providing information by TP in accordance with art. 27 for each calendar day after the deadline for provision of information set by them has expired until the Member provides the information.
39. The amount of the daily charge is up to 1000 BGN/ per day and is set proportionately to the importance of information that has not been provided, which shall be estimated in accordance with applicable factors set out in item 44 .
40. The daily charge shall not be imposed if the respective TP proves that it was unable to provide the required information within the deadline previously set by the power exchange operator.
41. In the event that a breach of these Market Conduct Rules is established, MS shall undertake or propose in accordance with article 52, one of the following disciplinary actions against the TP:
 - 41.1. *A non-public warning, in any case where such TP has committed a breach of the Market Conduct Rules, but in circumstances where the nature of the breach is minor.*
 - 41.2. *A public warning, in any case where such TP has committed a serious or repeated breach of the Market Conduct Rules.*
 - 41.3. *A Violation Charge, in any case where such TP has committed a severe or repeated breach of the Market Conduct Rules. The size of the Violation Charge may be up to 100 000 BGN (one hundred thousand).*
42. For the purposes of these rules a breach is 'repeated' when three or more violations of MCR have been committed for which the Board of Directors of IBEX has imposed a charge and/or MS has imposed any of the admissible disciplinary actions under item 41.
43. For the purposes of these rules a breach is 'severe' when it is characterized with unfair breach of the conduct rules under Chapter III and has led to damages both for the power exchange market and the rest of the TPs.
44. When determining a disciplinary action, IBEX shall take a justified decision taking into account at least the following criteria:
 - 44.1. *Severity of breaches;*
 - 44.2. *The damage caused to other TP and the power exchange market;*
 - 44.3. *Potential benefits for TP from the violation;*
 - 44.4. *Previous conduct of the TP;*
 - 44.5. *Other factors including mitigating circumstances.*
45. The provisions of this chapter shall not limit the rights, obligations or duties of TP in accordance with applicable law.

Chapter VI

Procedures for investigation of breaches and imposing disciplinary actions

Investigation procedures

46. MS shall monitor the power exchange on behalf of IBEX for possible breaches of these rules or applicable rules.
47. MS shall initiate investigation at its own discretion in case of suspicion of a breach of these rules and applicable law.

Disciplinary actions

48. If an investigation by MS establishes existence of breach of applicable law or these rules, MS shall notify the regulatory body.
49. When a breach has been established, before a disciplinary action is imposed, MS shall inform the respective TP of the investigation results and shall require the written position of the respective TP, subject of the investigation.
50. If an investigation by MS establishes the existence of a breach of these rules, after an assessment of the criteria under 44 and taking into account the written position of TP, MS shall undertake the following actions proportionate to the breach:
 - 50.1. *Non-public warnings to the respective TP without consulting IBEX;*
 - 50.2. *A dally charge pursuant to item 38;*
 - 50.3. *A public warning;*
51. In cases under item 50, MS shall impose disciplinary actions proportionate to the breach. MS shall inform the Board of Directors of IBEX and provide an opinion in which it shall duly describe the circumstances and grounds that have led to imposing the respective disciplinary action.
52. In case MS considers that there is a severe or repeated breach of MCR for which imposition of a charge is envisaged, a written reasoned report shall be submitted to the Board of directors of IBEX, which shall contain a proposal for imposition of the disciplinary action and the amount of the charge. The report submitted shall have to duly describe the circumstances and grounds for the proposed disciplinary action against the respective TP.
53. In the case under item 52 the respective TP, subject to investigation, is to be invited to be heard and/or to provide its written position to the Board of Directors of IBEX.
54. The Board of Directors of IBEX shall decide, after having taken into account the facts on the case, whether the charge proposed in the report should be imposed on the TP. The Board of Directors of IBEX may assign this decision to the Chief Executive Officer of IBEX.
55. The disciplinary actions imposed pursuant to item 41 shall be communicated in writing to the respective TP.
56. In case the decision for imposing disciplinary actions is published, the respective TP shall be notified prior to such publication.

Chapter VII Additional provisions

57. The power exchange operator shall perform its activity in accordance with EMR, these rules, the Rules for operation of an organized power exchange market, the Settlement rules or any other applicable law.

Applicable law

58. Any claims, disputes or differences, which may arise out of or in connection with these rules shall be settled in accordance with effective Bulgarian law.

Amendments to the rules

59. Any amendments to this document shall take effect following a 7 (seven) days prior notification, on the website of the operator.
60. Irrespective of the provisions of item 59, an amendment of these rules may be done with immediate effect following notification to trading participants:
- 60.1. *If required by applicable law;*
 - 60.2. *If amendments are required to provide precise and effective operation of the power exchange;*
 - 60.3. *If amendments are related to remedying mistakes in the rules;*
 - 60.4. *If amendments come as a result of amendments in the rules and procedures applicable for the PCR and MRC couplings;*
 - 60.5. *If amendments are of editorial nature and do not lead to significant changes.*

Effectiveness

61. These rules shall become effective as of the time they are published on the website of the power exchange operator.

Important notice:

The English version is only for your convenience and has no legal force.