



# Market Conduct Rules

MONTENEGRIN POWER EXCHANGE LTD

Version 1.0

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Podgorica, Montenegro

## **Article 1**

### **INTRODUCTION**

- 1) These Market Conduct Rules are part of the Trading Rules. The provisions herein apply to all Market Members (hereinafter Members) who participate in any BELEN market in accordance with the Trading Rules as they form a constituent part of the Membership Agreements.
- 2) These Rules aim to prevent and detect violations of the rules by the BELEN's markets Members, in order to operate in the market in a fair, non-discriminatory and transparent manner.
- 3) 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 other duties towards the Member, are subject to restrictions and obligations that enables the Member to fully and efficiently comply with these Market Conduct Rules.
- 4) Except as instructed by BELEN or otherwise set out herein, Market Surveillance shall have the authority to represent and act on behalf of BELEN in all matters regulated by the Market Conduct Rules and references to "BELEN" herein shall be construed accordingly. This authority of Market Surveillance includes authority to make requests for information pursuant to Section 4. below and to issue non-public warnings pursuant to Section 6.2. below, but does not include the issue of any public warnings.
- 5) Market surveillance is carried out through the activities of the Market Surveillance Office, which consists of a two-member commission appointed by BELEN and which reports directly to the Board of Directors of Montenegrin Power Exchange. It constantly monitors the market and ensures that Members comply with the Trading Rules. The Market Surveillance Office is the main contact with all regulatory bodies.

## **Article 2**

### **LEGAL CLASSIFICATION**

- 1) All Members shall at all times comply with Applicable Law and these Market Conduct Rules
- 2) These Rules do not release the Members from the obligation to comply with the Applicable law as well as other regulations issued by BELEN, such as the Trading Rules on the Power Exchange Market and the Membership Agreement.

## **Article 3**

### **GOOD BUSINESS CONDUCT**

- 1) Members shall at all time 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 Belen Markets. 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 BELEN Markets to operate fairly and efficiently for all Members.

- 2) Each Member shall ensure that any Orders placed by it reflect a genuine purchase or sales interest, and that all Transactions to which the respective Member is a party are genuine, thus preventing market manipulation.
- 3) The Member is prohibited from any market manipulation related to the improper influence on the price or price structure in any BELEN market or on the Member's access to Markets and / or their participation in the Markets.
- 4) Members must not apply unacceptable business methods in Trading and will always strive to act in accordance with good business practice.
- 5) Members are specifically prohibited from any conduct that may lead to market manipulation, such as submitting economically unjustified orders, pre-arranged transactions, artificial influence on price formation that is not in line with supply and demand, use and disclosure of possible insider information for their own or third parties benefit, as well as actions that could in any way damage the reputation of BELEN's Markets.
- 6) Members by acting in accordance with these Rules support BELEN in further developing the transparency of BELEN's Markets.

#### **Article 4**

##### **DUTY TO PROVIDE INFORMATION TO BELEN**

- 1) Subject to Section 4.6. below, Members are obliged to provide all information which BELEN considers relevant either in the context of the performance of supervision of BELEN Markets 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 BELEN. Members shall make all necessary arrangements with third parties in order to ensure that they are able to comply with their obligations under this Section 4.
- 2) Members shall ensure that their employees, representatives and other personnel are subject to obligations substantively similar to those set out in Section 4.1.
- 3) BELEN 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 or TSO, always provided that there is a written agreement put in place between BELEN and TSO limiting the use of the shared information to market surveillance purposes and ensuring the confidential treatment of such information.
- 4) All communication with BELEN 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 employees and agents prior to such individuals communicating with BELEN on behalf of such Member.
- 5) Communication between Members and BELEN may include personal data relating to individuals to the extent such information is comprised within any relevant communication or is otherwise necessary.
- 6) Nothing in this Section 4. shall be interpreted as being in conflict with a Member's duty to comply with Applicable Law.

- 7) Information received in accordance with this Section 4. shall only be used for the purpose of surveillance of the Market Conduct Rules and Applicable Law, including the investigation of suspected breaches.

## **Article 5**

### **PUBLICATION OF INFORMATION RELATING TO INVESTIGATIONS**

- 1) BELEN may make public the fact that investigations of any specific matter have been initiated, provided that the identity of the Member under investigation is not disclosed. BELEN may only make public the identity of a Member under investigation if, at the sole discretion of BELEN, 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 5.1. may require BELEN to disclose and make public the results of the investigation.
- 2) BELEN may disclose the results of any investigations which lead to a public warning or Violation Charge under Section 6. below, including the identity of the Member. BELEN may furthermore reproduce and/or publish any relevant information gathered in the investigations to the extent such reference is reasonably necessary for BELEN's reasoning in respect of its decision or the grounds for its decision. BELEN shall endeavour to present and publish information under this Section 5. in a neutral manner, and only following a prior notification to the Member that is subject to the applicable investigation and/or disciplinary actions.
- 3) Nothing in this Section 5. will be considered a breach of BELEN's obligation of confidentiality.

## **Article 6**

### **CONSEQUENCES OF BREACH OF MARKET CONDUCT RULES**

- 1) Any breach of these Market Conduct Rules shall be considered as Non-Compliance Event or Material Non-Compliance Event (as the case may be) under the Trading Rules and Membership Agreement.
- 2) In the event of a Non-Compliance event as set out in Section 6.1. above, BELEN 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 BELEN sent the notice regarding the breach to the Member.
- 3) In case the breach of Market Conduct Rules envisaged in Section 6.2. above is not remedied in accordance with the notice given under Section 6.2. above, such breach shall be considered as Material Non-Compliance Event and relevant provisions of Trading Rules and Membership Agreement shall apply.

- 4) Nothing in this Section 6. shall limit a Member’s rights, obligations or liabilities under Applicable Law, and any disciplinary actions imposed hereunder shall be in addition to any disciplinary actions or penalties imposed by other entities.

**Article 7**

**PROCEDURES FOR INVESTIGATION OF BREACHES AND DISCIPLINARY ACTIONS**

- 1) This Section 7. sets out the procedures applicable to the investigation of possible breaches of the Market Conduct Rules or Applicable Law by or on behalf of BELEN.
- 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 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.
  - c) If the investigations of Market Surveillance support the suspicion of a breach of Market Conduct Rules, Section 6. of these Market Conduct Rules shall apply.

**Article 8**

**FINAL REGULATIONS**

- 1) These Rules, as well as all amendments thereto, shall enter into force on the day of their publication, unless otherwise indicated.
- 2) If a Member does not accept such changes, its access to BELEN's markets may be immediately terminated within ten (10) calendar days from the date of publication.