



TRADING RULES GENERAL TERMS

Version 1.1
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Podgorica, Montenegro

INTRODUCTORY PROVISIONS

Article 1

- 1) Montenegrin Power Exchange LLC (hereinafter “MEPX”) is providing services of matching supply and demand on the power exchange market in Montenegro (hereinafter “MEPX Markets”) according to Trading Rules.
- 2) Procedures, principles and standards for organizing and functioning of MEPX Markets, principles and rules of financial settlement, publication of data necessary for functioning of the market and other topics necessary for its functioning are determined by the rules from previous paragraph.
- 3) Trading Rules are consisted of:
 - a) Trading Rules – General Terms (hereinafter “General Terms”)
 - b) Trading Appendices (Definitions, Day Ahead Market Rules, Long-term Market Rules, Product Specification, Clearing and Settlement Rules, Market Conduct Rules, Fee Schedule, Rulebook on Register of Members)
 - c) Trading Agreements (Membership Agreement and Agreement on direct use of deposit).
- 4) MEPX Markets consist of the Day-Ahead Market and the Long-term Market.
 - a) Day Ahead Market provides the possibility of Day Ahead Trading of Products on the territory of Montenegro by means of an auction in respect of each Delivery Day based on all Orders, i.e. bids for sale or purchase received prior to the Gate Closure Time, further set out in the Day Ahead Market Rules.
 - b) Long-term Market provides the possibility of bidding for energy with a previously defined framework, based on all Orders, i.e. bids for sale or purchase during the relevant Procedure, further set out in the Long-term Trading Rules.
- 5) Trading Rules refer to all Trades and all Transactions on MEPX Markets. Day Ahead Market Rules and/or Long-term Trading Rules are implemented dependent from if the Member is trading on Day Ahead Market and/or Long-term Market, according to information from Annex 1 of Membership Agreement.
- 6) Each of MEPX Markets shall offer possibility of Trading of Products in the manner described in the Product Specification for each market, under the terms and conditions of Trading Rules.
- 7) MEPX shall conduct and ensure Clearing and Settlement of transactions on MEPX Markets in accordance with the Clearing and Settlement Rules which apply to that market.
- 8) All Transactions entered into on MEPX Markets will be automatically and obligatorily subject to Clearing and Settlement, unless specified otherwise, at fees related to that market, which will be defined through Fee Schedule and Clearing and Settlement Rules.

MEANING AND DEFINITIONS

Article 2

- 1) The words with capital letters have the same meaning as in the Definitions.
- 2) It is considered that referring to applicable laws includes their changes and amendments, clear version, repassed laws or their amendments.
- 3) In case of disagreements between these General Terms and rules of respective MEPX market, rules of respective MEPX market should prevail. In case of disagreements between these General

Terms and Trading Appendices on one side and Trading Agreements on the other side, General Terms and Trading Appendices should prevail.

REQUIREMENTS FOR ADMISSION AND TRADING

Article 3

- 1) Legal entities wishing to perform Trading on some or all MEPX Markets before the start of Trading on any of MEPX Markets are obliged to:
 - a) meet the legally prescribed conditions to participate in MEPX Markets:
 - i) register with the Market Operator as a participant in the electricity market;
 - ii) sign the Balance Responsibility Agreement with the Market Operator and the Transmission System Operator;
 - b) enter into a Membership Agreement with MEPX and fulfill the necessary obligations that arise from this Agreement.
- 2) Besides the conditions from previous paragraph, every Member must in every moment fulfil the conditions necessary for the Contracting Party in each Transaction based on these General Terms, all Trading Appendices and Trading Agreements.
- 3) Besides rights and obligations of the Member from these General Terms, further rights and obligations of Members are set out in the applicable Trading Agreements and Trading Appendices.

REGISTRATION PROCESS

Article 4

- 1) Legal entities wishing to enter into a Membership Agreement must send MEPX an Application for Membership in such form as MEPX shall prescribe and publish on its website.
- 2) As part of the approval procedure and evaluation of potential Member, MEPX may require additional information and documents relevant to the assessment of the applicant's ability and eligibility for registration. All documents and information concern applicant's legal status, technical system, organization, financial reports prepared for the previous two years in accordance with accounting regulations which contains the balance sheet, income statement and auditor's report if the entity is subject to audit, experience and competence, and must be duly signed by an authorized representative.
- 3) MEPX shall admit only Applications for Membership according to the defined conditions. The applicant's requests cannot be rejected without explanation.
- 4) The Member with a valid Membership Agreement may change the selection of MEPX market, through the procedure of changes and amendments of Annex 1 of the Membership Agreement, without a re-approval procedure for Member registration.

TRADING AND FINANCIAL SETTLEMENT RESPONSIBLE PERSONS

Article 5

- 1) Each Member must, in the Membership Agreement, appoint one (1) Trading Responsible Person and one (1) Financial Settlement Responsible Person on each MEPX Market, subject to the approval of MEPX not to be unreasonably withheld.

- 2) A Member may appoint the same person as the Trading Responsible Person and Financial Settlement Responsible Person in several MEPX Markets.
- 3) A Member with valid Membership Agreement can change Trading Responsible and/or Clearing and Settlement Person through changes and amendments of Annex 1 of Membership Agreement, with no need for re-conducting a registration procedure. This Annex is sent by email, and then by post. The change of Trading Responsible and/or Clearing and Settlement Responsible Person is put into force by MEPX's notice to the Member by email.
- 4) The Member is granted with the User Account(s) for access to the appropriate platform in accordance with respective rules of MEPX market. Upon request, the Member can receive an additional User Account for Day Ahead Market, for each of which they pay a one-time fee for additional user account in accordance with Fee Schedule.
- 5) The Member is responsible for its User Account for access to MEPX platforms and all activities performed from the moment of receiving data on User Account, until MEPX closes the Member's account according to Trading Rules.
- 6) Responsibility for the User Account includes responsibilities for damages (for Member or MEPX) from unauthorized using of the User Account.

MEMBER STATEMENTS AND GUARANTEES

Article 6

- 1) When submitting the Order or initiating the Transaction by its activity each Member declares and guarantees to MEPX that:
 - a) it is duly established, registered and exists according to applicable laws of establishment and functioning and operates properly in accordance with the relevant laws;
 - b) it is authorized to perform its obligations under Trading Rules, Membership Agreement and any Transaction arising as a result of its activities;
 - c) all applicable information provided in writing by or on behalf of the Member subject to or related to the Membership Agreement or Trading Rules, is accurate, correct and complete in all material respects on the date they are delivered to MEPX;
 - d) it has appropriately competent staff and is organized in a way ensuring the realization of Trading;
 - e) knows and understands the characteristics of each Product and the risks associated with it and submits the Orders after reviewing their terms, and appropriately understands the terms and risks and is able to assume them;
 - f) accepts the priority right of the MEPX Schedule and the fact that in case of discrepancies between MEPX's and Member's Schedules, values from the MEPX Schedule are valid towards the Transmission System Operator and Market Operator;
 - g) the signing, delivering or enforcement of relevant Trading Agreements or Trading Rules does not violate or conflict with applicable regulations or any provision of its constituent documents applicable to the Member or its assets or a contractual restriction binding or affecting them or their property.
- 2) The Member acknowledges that it is under a duty to notify MEPX in writing in case it becomes aware of any breach of their statements, those listed above or some others, immediately after the Member becomes aware of them.

MEPX STATEMENTS AND GUARANTEES

Article 7

- 1) MEPX declares and guarantees to each Member in relation to each Transaction concluded in its markets that:
 - a) it is authorized to perform all obligations from Trading Rules and every Transaction;
 - b) it is organized and exists properly based on the jurisdiction law of its establishment;
 - c) it is organized in a way that enables the realization of obligations under Trading Rules and that its employees are competent and have the knowledge that will enable them to perform their obligations under Trading Rules;
 - d) the signing, delivering or enforcement of the relevant Trading Agreements or Trading Rules does not violate or conflict with applicable regulations or any provision of its constituent documents applicable to the MEPX or its assets or a contractual restriction binding or affecting it or its property;
 - e) all applicable information provided in writing by or on behalf of the MEPX subject to or related to the Trading Rules is accurate, correct and complete in all material respects on the date they are for the first time delivered to Members;
 - f) in relation to MEPX, as a result of concluding or fulfilling its obligations under the Membership Agreement or Trading Rules, there will be no breach of obligation or event which, by the announcement or expiration of time or both, would constitute non-fulfilment of obligations.

CONTRACTUAL RELATIONS

Article 8

- 1) Relations between MEPX and Members are regulated by Trading Agreements. By signing the Membership Agreement Members undertake to act in accordance with Market Conduct Rules, remaining part of Trading Rules as well as the rights and obligations arising from the Membership Agreement itself.
- 2) If MEPX's Member does not fulfill the obligations arising directly or indirectly from Trading Rules, MEPX has the right to suspend its registration or terminate the Membership Agreement in accordance with the conditions set out in Trading Rules.

PRODUCT SPECIFICATION

Article 9

- 1) MEPX shall decide and define which Products will be included or removed from its platforms by including or excluding them from the Product Specification document.
- 2) In case of possible removal of a product from the Specification, MEPX will conduct a detailed survey with all Members who will be notified in a timely manner.

GENERAL PROVISIONS ON TRADING

Article 10

- 1) MEPX maintains Day-Ahead and Long-term Trading via Electronic platform and e-mail (in case the Members have a problem with access to the Electronic platform).
 - a) Sorting of received Orders is carried out according to the principle of electronically recorded timestamp of the Order.
 - b) In the case of Orders submitted via email, the time of direct entrance of the Order into the platform shall be counted as the time of receipt of the Order.
 - c) In the case referred to in previous point of this paragraph, only Orders submitted no later than 15 minutes before the Gate Closure Time shall be accepted.
- 2) MEPX facilitates Trading of Products between Members by receiving Orders and determines traded energy volumes and its relevant prices according to prevailing rules for price calculations.
- 3) In the event of an error in Trading the provisions defined by the relevant market rules in which the necessity of the Order Cancellation occurred shall apply.
- 4) Trading on MEPX markets is anonymous except between MEPX and the individual Member entering an Order and entering into a resulting Transaction.
- 5) Processing and matching of Orders is subject to the Trading Rules of the respective market.
- 6) Members are responsible for setting up electronic communication with MEPX according to Trading Rules and the manner of submission of Orders prescribed for a particular Procedure or market through their respective rules.
- 7) Orders sent by the Member, if acceptable, after matching become Transactions for sale or purchase of electricity.
- 8) The MEPX Schedule has the right of priority in case of discrepancies with the Schedule of the Member at the Market Operator and the Transmission System Operator, and in those cases the Schedule of the Member must correspond to the Transaction from paragraph 7.
- 9) Except as necessary to display Orders and Transactions to Members, MEPX shall treat all information from Members communicated to MEPX in the process of Trading as confidential.
- 10) All Orders and Transactions will be stored electronically and kept by MEPX in the database.

AVAILABILITY OF MEMBERS

Article 11

Once a Member has submitted an Order, it must be available to be contacted at all times for as long as the Order is valid. Orders are deemed valid until the relevant Auction is finished or the Order is revoked in accordance with the rules of the respective market.

RIGHT TO REJECT ORDERS

Article 12

Notwithstanding any other provision in Trading Rules, MEPX reserves the right, in its sole discretion, and without prior notice to a Member to reject, cancel or refuse to display or match any Order which in MEPX's determination would contravene Trading Rules, Membership Agreement or applicable law.

Any such decision should be reasonably founded and non-discriminatory, and MEPX shall notify the Member of such decision immediately.

TRADING SUSPENSION

Article 13

MEPX may at any time suspend Trading at its platforms with regard to all or some Products if MEPX reasonably determines that a system problem, which is likely to affect Trading, has occurred or suspension is necessary to prevent such problem from occurring, or the intended Trading would contravene the requirements of applicable law, Trading Rules or Trading Agreements.

TRADING FEES

Article 14

- 1) Trading Fees shall be charged to Members and invoiced in accordance with the Fee Schedule. Unless explicitly stated, all Trading Fees are stipulated exclusive of VAT.
- 2) Trading Fees are charged by MEPX in accordance with Clearing and Settlement Rules, Trading Agreements and remaining part of Trading Rules.
- 3) In case a Member does not pay to MEPX the required Trading Fee or does not make other payments envisaged under Trading Rules upon their due dates, a Breach of obligations from Member's side is occurred and MEPX shall be entitled to charge Default Interest rate in accordance with law.

MARKET CONDUCT AND SURVEILLANCE

Article 15

- 1) Members shall at all times comply with the provisions of Market Conduct Rules during the Trading. Non-compliance with Market Conduct Rules may be sanctioned by MEPX in accordance with the provisions of Market Conduct Rules.
- 2) MEPX will monitor its markets with a view to ensuring that all Trading and other activities on its markets are in accordance with Market Conduct Rules and applicable law.
- 3) Market surveillance is carried out through the operation of the market surveillance office consisting of two (2) members of the commission appointed by MEPX, authorized to act in accordance with Market Conduct Rules.
- 4) MEPX may make request to and collect information from Members concerning their business.
- 5) In connection with investigations of Member's business, MEPX may, directly from the relevant Member, Transmission System Operator or Market Operator gather any data relating to management, market and settlement of accounts with regards to obligations from agreement on balance responsibility and agreed Schedules.

BREACH OF OBLIGATIONS

Article 16

- 1) Breach of obligations exists if the Member:

- a) does not perform its obligations under any document and/or contract that is part of the Trading Rules or otherwise violates the Trading Rules;
 - b) violates applicable regulations and such breach affects or will affect the ability of the Member to act in accordance with the Trading Rules and Trading Agreements.
- 2) Severe breach of obligations exists if:
- a) the Member does not act according to Article 3 of these General Terms;
 - b) the Member violates the statements and guarantees from Article 6 of these General Terms, provided that the statement is inaccurate or misleading and not remedied within fifteen (15) calendar days after MEPX has sent a written notice of a breach to the Member;
 - c) it is clear from the incorrect statement that the Member is not capable of continuing of Trading;
 - d) a Breach of obligations has occurred that may adversely affect Trading in accordance with Trading Rules, applicable regulations and Membership Agreement, and this Breach of obligations has not been remedied within fifteen (15) calendar days after MEPX has sent the Member a written notice of such breach;
 - e) a Breach of obligations arose as a result of negligence, intent or fraud of the Member and this Breach of obligations was not remedied within fifteen (15) calendar days after MEPX sent the Member a written notice of such breach;
 - f) the Member fails to execute the due payment obligations in favour of MEPX arising from Trading Rules immediately after or before the due date of the payment obligation;
 - g) another breach of obligations that has not been remedied within fifteen (15) calendar days after MEPX has sent the Member a written notice of such breach.
- 3) In case of Breach or Severe breach, the Member must immediately inform MEPX about all the circumstances, as well as all cases of Breach or Severe breach by any other Member.
- 4) Before determining the sanction provided for in this article, the Member shall, if possible and appropriate, be given the opportunity to submit their response and opinion on the facts presented by MEPX, in order to prove that the alleged breach or severe breach did not occur.
- 5) For the duration of the Breach of obligations or Severe breach of obligations, MEPX may:
- a) issue a written warning to the Member and/or exclude the Member from Trading with immediate effect. During the exclusion, the Member may trade only with the prior consent of MEPX;
 - b) realize their rights and measures available to them based on Trading Rules.
- 5) MEPX may terminate Membership Agreement due to a Severe breach of obligations. MEPX's right to terminate this Agreement based on a Severe breach of obligations also applies pursuant to Article 8 of Membership Agreement.

LIABILITY FOR DAMAGES AND FORCE MAJEURE

Article 17

- 1) MEPX is not liable for any kind of damage or loss suffered by the Member, which occurred as a result of business decisions of the Member in relation to Trading in MEPX markets. Members are expected to behave with due care of a good businessman in trading on MEPX markets.
- 2) MEPX is under no circumstances liable for loss or damage suffered by the Member due to the action or omission of another Member, including damage or loss suffered by the Member because another Member from the relevant transaction did not deliver or take delivery of energy.

- 3) MEPX is not liable for loss or type of damage that may arise from Trading or Trading Rules due to MEPX's work or omission, provided that MEPX has not acted with gross negligence, intent or committed fraud.
- 4) Unless MEPX has committed fraud or acted with intent, MEPX shall under no circumstances be liable to the Member for indirect loss and consequential damages, including lost profits and contracts.
- 5) Notwithstanding the paragraphs of this article, the Member shall be liable to MEPX for all loss or damage suffered by MEPX, including incurred costs, which are a direct consequence of non-fulfilment of obligations of the Member as part of Breach of obligations or Severe breach of obligations.
- 6) Neither MEPX nor the Member shall under any circumstances be liable for loss or damage in respect of failure to perform obligations under the Trading Rules or Membership Agreement if force majeure prevents the execution of relevant obligations.
- 7) MEPX will not be liable for damages that could arise as a result of cease of business and services of Settlement bank, including the crash of bank system, domestic and/or foreign, that disables or completely prevents the management of clearing and settlement system related to MEPX and/or Members.

COMPENSATION

Article 18

- 1) The Member shall fully and effectively provide compensation to MEPX for all costs, claims, damages and costs arising directly from breach of its obligations under Trading Rules and Membership Agreement, provided that MEPX uses available and objective means, while assessing damages, to take into account the real costs, claims, damages and expenses, without prejudice to its obligations to other Members and its right to protect the integrity of MEPX Markets. If MEPX does not use such efforts to mitigate costs, the Member shall not be obliged to provide compensation for costs that could have been avoided by reasonable efforts that do not jeopardize other duties and obligations of MEPX.
- 2) Each Member is obliged to provide full compensation for all costs that MEPX may incur in relation to VAT, customs duties, cross-border transmission capacity or other similar charges for electricity traded on any MEPX market, since these costs are the sole responsibility of the Member.

PROPRIETARY RIGHTS TO TRANSACTION INFORMATION

Article 19

- 1) Whenever a Member provides data in the form of Orders or otherwise to MEPX via electronic system or platform, such data shall belong to MEPX.
- 2) The copyright and all other intellectual property rights or proprietary rights of whatever nature contained in the Transaction information (including, for the avoidance of doubt, all database rights and similar rights whether or not protected by law) arising from Trading are and shall at all times remain the property of MEPX.
- 3) MEPX shall freely dispose of and use, economically or otherwise, such data and intellectual property or property rights, subject to applicable confidentiality restrictions.

INFORMATION PUBLICATION

Article 20

- 1) MEPX may pass on information to Competent bodies, Transmission System Operator or Market Operator if so required by applicable law or regulation. MEPX will inform the Member of such provision of information, to the extent it is permitted to do so under applicable law or regulation. Such conduct by MEPX will not in any event be considered a breach of confidentiality or breach of MEPX's intellectual property rights.
- 2) MEPX shall be entitled to use, publish, adapt, supply, distribute or otherwise deal with Transaction information and other information regarding technical and financial matters, free from any duty of confidentiality to any Member, so long as such information does not identify any individual Member. Members are not entitled to compensation in relation to such activity.

COMMUNICATION WITH MEMBERS

Article 21

- 1) Communication between Members and MEPX shall be in Montenegrin, Serbian, Bosnian, Croatian or English language.
- 2) Any notice to be given under Trading Rules and Membership Agreement shall be in writing and shall be delivered or sent by letter or email at the addresses and numbers specified as contacts on MEPX website (if addressed to MEPX) or to the relevant contacts specified in Annex 1 of Membership Agreement.
- 3) Notices shall be deemed to have been given, in the case of email communication, on the date on which they are validly received by the recipient's service provider or, in the case of other communications, on the date of delivery to the appropriate address.

CHANGES AND AMENDMENTS

Article 22

- 1) MEPX has the right to amend the Trading Rules.
- 2) MEPX shall notify the Member about changes and amendments to the Trading Rules at least five (5) workdays before the amendments come into force, by email notification with the confirmation of the delivery to the recipient.
- 3) Changes and amendments to the Trading Rules shall come into force on the day of their publication on MEPX website.
- 4) If the Member does not agree with the changes and amendments, the Member has the right to terminate the Membership Agreement by written notification on termination which has to be delivered to MEPX within five (5) workdays after the changes and amendments to the Trading Rules have been published on MEPX website.
- 5) If MEPX does not receive the Member's written notification on termination of Membership Agreement within five (5) workdays as of the publication of changes and amendments on MEPX website, it shall be considered that the Member agrees with the proposed changes and amendments to the Trading Rules.

- 6) If the Member validly terminates the Membership Agreement in accordance with this article, Membership Agreement shall be terminated immediately upon receipt of the termination notification.
- 7) The Member does not have the right to terminate Membership Agreement according to this Article if the changes and amendments to the Trading Rules offer the same conditions (i.e. when the changes and amendments to the Trading Rules do not create disadvantages to the Member in comparison to previous version of the Trading Rules) or when the changes and amendments give the Member more favourable conditions.
- 8) In case of differences between English and Montenegrin versions of the Trading Rules, Montenegrin version shall prevail.

MISCELLANEOUS

Article 23

- 1) The rights of a Member under Trading Rules are not assignable or otherwise transferable without the prior written consent of MEPX.
- 2) If at any time any provision of Trading Rules becomes illegal, invalid, unenforceable or non-binding in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of Trading Rules nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired thereby.
- 3) No failure of a Contracting Party to exercise, nor any delay on its part in exercising, any of its rights (in whole or in part) under Trading Rules shall operate as a waiver of the Contracting Party's rights or remedies upon that or any subsequent occasion.

GOVERNING LAW AND DISPUTE RESOLUTION

Article 24

- 1) The Trading Rules, as well as all Transactions, Clearing and Settlement effected under them, and all non-contractual obligations arising out of or in connection with them, including all Trading Agreements, shall be governed by and construed in accordance with Montenegrin law.
- 2) Commercial Court in Podgorica shall have exclusive jurisdiction to settle any claim, dispute or difference which may arise out of or in connection with Trading Rules, including any question related to Trading Agreements, as to their existence, validity or termination.

TRANSITIONAL AND FINAL PROVISIONS

Article 25

- 1) The Members already registered on MEPX Markets are obliged to sign the new Membership Agreement after adoption of changes and amendments of the Trading Rules from 28.03.2023, whereby they keep all rights that already belong to them regarding their status and membership, according to earlier procedure of registration.
- 2) Membership Agreement signed by the Members from previous paragraph contains a specific clause that voids the previously signed Membership Agreement.
- 3) The Trading Rules shall enter into force on the day of their publication on MEPX website.